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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD NEWS

400 police in N London drugs raid

About 400 police, many in riot gear, raided the Broadwater Farm estate, North London – one week before the fourth anniversary of the Tottenham riots in which PC Keith Blakelock was murdered.

The target was cocaine and cannabis dealers, whom police say have been wrecking the lives of residents. More than 20 arrests were made and quantities of drugs seized.

UK and China disagree
Britain and China failed to resolve differences over the future of Hong Kong, after Peking had reasserted its right to station troops there once the colony had been handed back by Britain in 1997. Page

Threat of Soviet unrest
The Soviet authorities launched a campaign to forestall industrial unrest which could disrupt food and fuel supplies. Coal miners are threatening to strike and Moscow Metro and rail-workers could join them. Page 24

UK out of frigate project
The Government is to pull out of an £82m project to build a NATO frigate because it cannot agree on a timetable or design. Talks began in January 1988 on an anti-aircraft escort ship to replace the Type 42 destroyer.

Deal salutes marines
Thousands lined the streets of Deal, Kent, when the band of the Royal Marines School of Music paraded a week after the IRA bomb that killed ten of their comrades.

IRA man bailed
Convicted IRA man Michael McKee, who escaped from a Belfast jail in 1981, was allowed bail in the High Court in Dublin. He is facing extradition proceedings.

Rail bomb arrests
Three people were arrested in Ulster after a bomb exploded on the Belfast-Dublin railway line near Lurgan, Co Armagh.

Oslo-Moscow talks
Norway said the Soviet Union had agreed to talks to solve a dispute over territorial rights in the Barents Sea. Geologists say the area may contain large petroleum reserves.

French warders strike
French prison officers went on an all-out pay strike after clashes with police using water cannon and teargas.

Ambulance officers vote
Ambulance officers and controllers voted by more than 3-1 to join the crews' overtime ban. Page 5

Sunday post plan delay
The Post Office has postponed plans to re-introduce Sunday mail collections next month to permit more talks with union leaders. Page 5

100,000 fish killed
Pollution from "natural acidic matter" killed 100,000 young salmon and sea trout in the Rive Okement in Devon, said the National Rivers Authority.

Soprano to retire
Romanian soprano Ileana Cotrubas, 50, who is giving a concert at Covent Garden, London, on Thursday, is to retire

Reconciliation plea
The Archbishop of Canterbury Dr Robert Runcie began a four-day visit to Rome – which will include talks with the Pope – with a plea for reconciliation between the Anglican and Roman Catholic churches.

Russian's drug evidence
A senior Soviet customs officer gave evidence at Chelmsford on how his men found nearly 8½ tons of cannabis bound for Britain at a Moscow railway station. Information from Russia led to the arrest of seven members of a drug gang in Britain.

BUSINESS SUMMARY

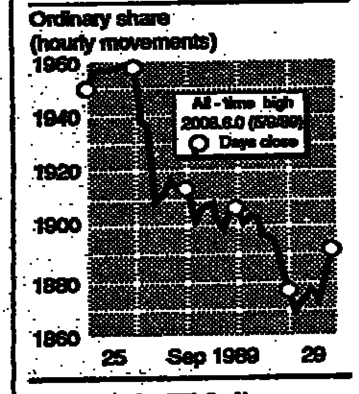
TSB poised to announce retail job cuts

TSB, sixth-largest UK banking group, could be poised to announce staff cuts as part of a big re-organisation of its retail operations, said union officials.

The bank said last night it might bring forward some elements of plans to streamline its operations, but it refused to comment on reports that job losses could include several hundred senior and middle-ranking managers. Page 4

UK EQUITIES ended the third quarter of the trading year in good form, buoyed by the vigorous defence mounted for sterling. The FT Ordinary advanced 9.5 to 1,885.7, still 63.6 down on last week's close. Page 16; Lex Page 24

FT Index



MCKINSEY, UK strategy consulting group, is negotiating to buy the Information Consulting Group, set up last year with the support of advertising group Saatchi and Saatchi. Saatchi has the right to purchase the firm before July 1990, but last June it said it wanted to sell its management consulting interests.

BAT INDUSTRIES, UK tobacco-based conglomerate contesting a £13.5bn bid from Sir James Goldsmith's Hoylake consortium, failed to get the original bid timetable reinstated. Hoylake lapsed its bid and can rebid within 21 days if it secures certain US regulatory consents. Page 24

ROVER GROUP is to drop the Austin name from the premises of its 940 dealers, in a conversion to a new corporate livery. Page 4

ESTATE AGENTS who give a poor or misleading service could face legal restrictions or a ban under new proposals put forward by the Office of Fair Trading. Page 24

COAL and ELECTRICITY industries are expected to begin formal negotiations soon on contracts for power station coal supplies after electricity privatisation. Page 4

LITTLEWOODS, UK retailing and football pools group, identified the equivalent of 1,850 surplus full-time jobs in its retailing division. Page 4

FRENCH stock market sees the introduction of a new takeover code on Monday, obliging predators to launch full bids if they own a third of a listed company's shares. Page 2

NATIONAL AUSTRALIA Bank and the Australia and New Zealand Banking group, the country's second and third largest commercial banks, confirmed they had taken cross-holdings in each other, fuelling merger speculation. Page 12

INDUSTRIAL EQUITY: The A$1.9bn (£917m) management-led bid to take over the Australian arm of Sir Ron Brierley's business empire struck snags over funding. IEL's annual results show a six-fold increase in after-tax operating profits to A$265.7m. Page 12

TRUSTHOUSE FORTE, UK hotel and catering group, reported a 20 per cent increase in pre-tax profits to £145m in the nine months to July 31. Page 10; Lex, Page 24

UNILEVER, Anglo-Dutch multinational, agreed to pay £31.6m, including £3.3m of debt, for Jeyes Hygiene, an industrial cleaning products specialist. Page 10

Ferranti forced to write off £185m after ISC takeover

By Terry Dodsworth, Industrial Editor

The missing millions

Summary (£m)	Original balance sheet	Adjustment for suspected fraud	Re-stated balance sheet*
Called up share capital	77.3		77.3
Reserves	291.9	(172.3)	119.6
	369.2	(172.3)	196.9
Minority shareholders' interest	1.6		1.6
	370.8	(172.3)	198.5

Source: Ferranti * Unaudited

FERRANTI, the troubled UK electronics group, will have to write off almost half of its equity as a result of the suspected fraud suffered in its ill-fated takeover of the US-based International Signal and Control.

The company is also suspending its dividends indefinitely, but will be seeking to resume trading in its shares next Tuesday after a two-week suspension. It said last night that it has instructed solicitors to take action over the suspected fraud.

In his first detailed statement on the débâcle, Sir Derek Alun-Jones, chairman, said Ferranti would have to write off £185m after tax. On the basis of last year's balance sheet, this would leave the company with net worth of £198.5m.

The restatement of last year's accounts would also reduce 1988 pre-tax profits by £28.3m to £27.5m, while in the current year profits would have to be £27m lower than the group had expected because of the suspect contracts.

Sir Derek refused to name individuals suspected of implementing the fraud. However he said that Ferranti believed the fraud started before the takeover of ISC with the creation of complex trail of false customers, phantom contracts and non-existent subcontractors.

"It must have involved a large number of people, including some outside ISC," he said. "This was not done on the back of an envelope."

Sir Derek added that Ferranti had not so far located Mr James Guerin, the founder of ISC and deputy chairman of Ferranti before his abrupt resignation last May.

Mr Guerin, whose shares in Ferranti were sold for about £26m after he left the company, is believed to be in the US but has so far refused all requests for an interview. He recently issued a statement through his lawyers saying that most of the allegations of fraudulent contracts were "based on raw speculation and conjecture."

Asked whether he would like to talk to Mr Guerin, Sir Derek said: "It would be helpful."

Yesterday's statement underlines the depth of the financial problems now facing Ferranti. The restatement of last year's profits and balance sheet, prepared with the help of Coopers and Lybrand, the accountancy firm brought in to investigate the ISC affair, shows that £205m of stocks and debtors will have to be written off.

After the adjustments, including the adding back of £12.7m of dividends which shareholders will not now receive, the shareholders' funds of just under £200m will be supporting debt which stood at £250m at the beginning of September.

These statements give no indication of Ferranti's current trading position, which is believed to have suffered from the uncertainty surrounding the ISC affair. Sir Derek stressed last night, however, that apart from the one ISC subsidiary which suffered the fraud, the rest of the group was "trading normally."

He repeated that Ferranti needed to raise cash and restructure its capital base to adjust to the write-off. In the initial phase, the company is planning to raise £100m by disposals. It said last night that it now had prospective buyers for two businesses.

Subsequently, the group is looking for new equity. This could be raised by allowing itself to be taken over by a larger company, by a rights issue or by accepting a partnership arrangement with a partner willing to inject funds. Ferranti believes that it needs to raise about £150m in this way.

Sir Derek refused to cast further light last night on the nature of the three suspect contracts beyond saying that they were with customers purporting to come from the Middle East, the Far East and Africa. This combination suggests that ISC claimed to have won contracts in Pakistan, China and Nigeria.

According to Sir Derek, Ferranti has received indications of interest in joint venture arrangements by a "a large number of major UK and overseas defence and electronics companies."

Discussions were still at an early stage with these groups, and a decision to do a deal with one of them would be balanced against shareholders rights to subscribe to equity. In the meantime, Ferranti's provisional agreement on banking facilities to tide it through the crisis will be due for review next month.

Sir Kit McMahon: father of Firstdirect, Midland's telephone banking subsidiary which is launched tomorrow

Midland to launch telephone banking

By Alan Cane

MIDLAND BANK will tomorrow launch a UK-based remote retail bank regarded as the most advanced organisation of its kind.

The launch day, Sunday, is no mistake. Firstdirect, a wholly-owned but operationally autonomous division of Midland, will be the first British retail bank open for business 24 hours a day, seven days a week and its parent is losing no opportunity to publicise the fact.

Firstdirect will have neither high street branches nor local staff. Its service to customers will be based on personal contact over the telephone.

A £6m promotional campaign starts tomorrow evening with the first of a series of television commercials.

Sir Kit McMahon, Midland chairman, flew back from Washington to attend yesterday's press launch. Sir Kit, described as the father of the development, said he had remained in touch with Firstdirect during its gestation.

He emphasised that it was able to offer all the services of a conventional bank but with greater convenience and at lower cost.

Banking with Firstdirect will be free for those in credit or
Continued on Page 24

Halifax cheque account, Page 5

Contract row delays electricity sell-off for six months

By Maurice Samuelson and John Mason

THE GOVERNMENT was forced yesterday to announce a six-month delay in its timetable for the sale of the electricity industry following intense wrangling over the supply contracts under which the privatised companies will operate.

In what the Labour Party said was as a significant setback for the Government's privatisation programme, Mr John Wakeham, the Energy Secretary, announced that the first flotations – of the English and Welsh distribution boards – would take place next autumn rather than in the spring.

Mr Wakeham confirmed the delay in the Government's biggest privatisation, expected to be worth more than £20bn, when he told leaders of the industry that the Cabinet had authorised a structure for the contracts with which it will be privatised.

The contractual package means that competition will be phased in over eight years, rather than straight away as many of the big consumers, eager to enter bulk purchasing contracts with the power stations, had hoped.

Mr Tony Blair, Labour's energy spokesman, said it represented a "humiliating climbdown" for the Government. The agreed contracts system conflicted fundamentally with its original plans and put back any semblance of competition for eight years.

Consumers would have to underwrite cost-plus contracts between the distribution companies and nuclear power stations. "This is a package for the City which mocks the interests of the consumer," he said.

Mr Wakeham told the heads of the two generating companies and the 12 distribution companies of England and Wales that, while the Government remained on target to complete the privatisation in the present Parliament, it could no longer meet the goal of vesting the industry on January 1, 1990, as planned.

"We will therefore aim to vest the industry at the end of March 1990. Because of this we have also decided to float the area boards in the autumn of 1990, with both generating companies being brought to
Continued on Page 24

Coal negotiations to start, Page 4

Weekend FT

TREADING THE GERMAN TIGHTROPE

Two generations after Hitler, the dramatic pace of events in eastern Europe has transferred the re-unification of Germany into the realms of possibility. David Marsh analyses prospects for the ending of German division.

Page I

Finance

David Barchard on a move to make credit more flexible

Page V

Planet Earth

Numerous rare animals face oblivion. Peter Knight describes greed, vanity and a recipe for extinction

Page XIV

Diversions

John Newman defends the work of English Heritage; Robin Lane Fox and Arthur Hellyer on gardening; Paul Abrahams' hair-cuts; food; wine; cookery and Lucia van der Post's How To Spend It.

Pages XIV-XVI

Travel and Motoring

This week these features appear on Pages 6 and 7 of the front section

Sterling intervention continues as money market forces pace

By Simon Holberton, Economics Staff

THE POUND ended higher yesterday after the Bank of England intervened to support the currency, but it faced mounting pressures in the money market where short-term interest rates rose sharply.

The Bank intervened consistently throughout yesterday and on occasions dealt through central banks in other countries. By the end of trading in London sterling was nearly a cent higher but slightly weaker against the D-Mark; in terms of a broad range of currencies it ended better on the day.

At the same time the central banks of the Group of Seven leading industrialised countries continued their assault on the dollar. Every day this week the G7 has intervened against the dollar, which ended 1 pfennig down at DM1.8715 and nearly Y1 lower at Y139.60.

A battle between the Bank and the money market developed yesterday over the correct level for short-term interest rates in the UK. The Bank signalled earlier in the day there would be no change in 14 per cent bank base rates but it was forced to reject offers for a planned tender of £700m Treasury bills when the market refused to buy the bills at prices consistent with 14 per cent rates.

Analysts said there was a limit to how long the Bank could keep down interest rates in the face of money market resistence. A battle of wills was taking place but few were able to forecast the winner.

The stand-off with the money market brought to an end a week which has seen the pound fall in the wake of August's trade figures which showed a current account deficit in the month of £2bn. On the Bank's trade-weighted sterling index the pound ended the week at 91.4, barely changed from last Friday's 91.6.

Share prices, however, have suffered as speculation mounted that the Government would be forced to raise interest rates to defend the pound. The FT-SE 100 Share Index ended 7.7 up yesterday at 2,299.4. But over the week the index has fallen 70.8, or 3 per cent.

The UK markets are nervous and confused ahead of next week. There is a general expectation that interest rates in Europe will rise if the West German Bundesbank decides to raise its interest rates. There is, however, little unanimity on what this might mean for the pound.

German markets have already discounted a near 1 percentage point rise in official Bundesbank interest rates and a bigger rise than this is not thought likely.

Meanwhile analysts believe that there must be a limit to this week's central bank intervention on the dollar. Some think that when the central banks cease intervening the dollar may rise.

EMU warning, Page 4; Battle to tame the dollar, Page 8; Money Markets, Page 13; Wall Street, Pages 14 and 15; London Stocks, Page 17; Government bonds, Page 17; Lex, Page 24

MARKETS

STERLING
New York lunchtime:
$1.616
London:
$1.615 (1.608)
DM3.0225 (3.025)
FFr10.25 (same)
SFr2.62 (2.6225)
Y225.5 (226.0)
£ index 91.4 (91.2)

GOLD
New York: Comex Dec
$371.9
London:
$365.75 (366.5)

N SEA OIL (Argus)
Brent 15-day Oct
$18.47 (18.05)

Chief price changes yesterday: Page

DOLLAR
New York lunchtime:
DM1.87225
FFr6.351
SFr1.6225
Y139.5
London:
DM1.8715 (1.8815)
FFr6.3475 (6.375)
SFr1.6225 (1.6315)
Y139.6 (140.5)
$ index 68.5 (69.9)
Tokyo close: Y139.35

US LUNCHTIME RATES
Fed Funds $9\frac{1}{8}$%
3-mo Treasury Bills:
yield: 8.19%
Long Bond: $99\frac{13}{32}$
yield: 8.24%

STOCK INDICES
FT-SE 100:
2,299.3 (+7.6)
FT Ordinary:
1,885.7 (+9.5)
FT-A All Share:
1,169.55 (+0.3%)
FT-A long gilt yield index high coupon:
9.72 (same)
New York lunchtime:
DJ Ind. Av.
2,708.78 (+13.87)
Tokyo: Nikkei
35,636.76 (−53.22)

LONDON MONEY
3-month interbank:
closing $14\frac{11}{16}$% ($14\frac{3}{8}$)

CONTENTS

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Austria Sch22; Bahrain Din0.700; Bermuda $1.50; Belgium BFr50; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£3.25; Finland Fmk7.00; France FFr7.00; Germany DM2.30; Greece Dr150; Hong Kong HK$12; Iceland IKR125; India Rup15; Indonesia Rp3,100; Ireland I£0.60; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils1,000; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr50; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Portugal Esc140; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr10.00; Switzerland SFr2.40; Taiwan NT$65; Thailand Bht53; Tunisia Din0.800; Turkey L1230; UAE Dh7.00; USA $1.00.

Moscow invited to visit US space weapons labs

By William Dullforce in Geneva

THE US has invited Soviet experts to visit two laboratories conducting research into advanced space weapons. Mr Henry Cooper, chief US space defence negotiator, said Mr James Baker, Secretary of State, had extended the invitation to Mr Eduard Shevardnadze, Soviet Foreign Minister, during their recent meeting in Wyoming.

Mr Shevardnadze had called the invitation "constructive" and negotiators in Geneva had been instructed to discuss it further, Mr Cooper said.

Soviet experts would spend two days studying nuclear particle beam work at the Los Alamos National Laboratory and one day at the TRW Corporation's Alpha laser testing site at San Juan Capistrano, California.

The invitation aims at improving Soviet understanding of the controversial Strategic Defence Initiative (SDI) or "Star Wars" programme launched by former President Ronald Reagan.

In Wyoming, Mr Shevardnadze dropped Soviet insistence on linking a strategic arms reduction treaty (Start) to US agreement not to develop a SDI system. But, Mr Cooper said, Moscow had so far been reluctant to accept a US proposal that reciprocal visits aimed at enhancing predictability and confidence should be extended to research activities.

Mr Richard Burt, head of the US team to the Geneva nuclear and space talks, said that in Wyoming the two ministers had signed an umbrella agreement on President George Bush's proposal that verification measures should be tested and implemented before the completion of a Start agreement.

Mr Bush said the Start talks were entering their 12th round with "a real can-do attitude". But it would be premature to conclude that Soviet concessions in Wyoming had taken the Start-SDI link and the complicated issue of sea-launched cruise missiles off the negotiating table.

New French takeover code

By William Dawkins in Paris

A NEW takeover code takes effect on the French stock market on Monday, obliging predators for the first time to launch full bids once they have picked up a third of a listed company's shares.

The rules are introduced in *response to the growing wave* of sometimes chaotically contested takeovers to sweep the Paris stock market. They follow more than a year's intense debate between regulatory authorities and financial institutions over the right balance between discipline and market freedom. They were ratified by Mr Pierre Bérégovoy, the Finance Minister, yesterday.

They are closely in line with proposals launched by the French stock exchange council last April, to which Mr Bérégovoy has made one or two minor technical changes in the light of parliament's views on separate legislation giving tougher powers to the Commission des Opérations de Bourse, the French stock market regulating body, a finance ministry official said.

The main change from the stock exchange council's original scheme obliges bidders to offer for all listed subsidiaries and associates in which the target company holds a more than 33 per cent stake. This principle would not have applied in all cases in the draft proposal, officials said.

Currently, investors can make partial bids, subject only to the requirement to declare their stakes at fixed thresholds from 5 per cent to 50 per cent. It will no longer be possible for investors to take control via a large minority without offering the same price to the other shareholders. This means an end to tactics such as those used by Mr Bernard Arnault, who gained control of the LVMH luxury goods group by building up a 45 per cent stake with the British drinks group Guinness, without having to offer for the rest.

The code, which the Government will publish in full shortly, exempts investors from making full bids in circumstances where crossing the 33 per cent threshold does not alter the control of the company. It also fixes the terms which holders of 95 per cent of a listed group must offer for the minority shares.

Upturn in W German births

By David Goodhart in Bonn

THE West German population may not be declining so much after all. The latest year book of the Federal Statistics Office suggests that the sharp decline in the birth rate over the past two decades, which has raised the spectre of an ageing society by the middle of the next century, may have ended.

The Statistics Office, working mainly from a 1987 census, has also discovered that for the first time in West Germany's history the proportion of Catholics in the population (42.9 per cent) has overtaken that of Protestants (41.6 per cent).

Much of the data conforms to trends in other industrial societies: average monthly household income continues to rise – to DM5,100 (compared with DM3,600 for the whole year in 1949); that a household is increasingly likely to be a single one, up by 58.6 per cent since 1970 to 8.8m out of 26.2m; and is 32 per cent more likely to earn its income from the service sector than was the case in 1970.

One-quarter of all four-person households now own a personal computer compared with only 14 per cent in 1986, and 44 per cent now own a video-recorder compared with only 20 per cent in 1985.

The lower birth-rate has markedly changed the age structure since 1970. Then the number of children under 15 was 23.2 per cent compared with 14.6 per cent now.

The recent upward blip in the birth-rate meant that last year 677,300 babies were born, more than in any year since 1972. The trend seems to be continuing this year. It has still not been strong enough for births to overhaul deaths but the "deficit" was down to 10,000 last year from 118,000 in 1985.

The overall population has now reached 61.077m, which is 426,000 more than in 1970. But the number of foreigners in that figure has increased by 1.7m while Germans have decreased by 1.3m.

US negotiators race clock on steel quotas

By Nancy Dunne in Washington

US trade negotiators yesterday were racing towards tomorrow's deadline in around-the-clock talks hoping to conclude the bulk of agreements needed to renew the expiring US steel quotas for two-and-a-half years.

Of the 29 nations involved in the current five-year steel programme, a number of small producers, including Poland and Hungary, have agreed to new "voluntary" restraint agreements. However, it was believed that none of the Big Five – Japan, the EC, South Korea, Brazil and Mexico – had yet signed on.

Mrs Carla Hills, US Trade Representative, yesterday flew to New York to see Mr Frans Andriessen, the EC External Affairs Commissioner, leaving speculation in her wake that the meeting could produce a final settlement over the size of the Community's new steel quota. The agenda also included the dispute over the Community's beef hormone ban and the EC's plan to limit imports of foreign television shows.

For the most part, the talks are being conducted, on the US side, by Mr Linn Williams, Deputy US Trade Representative, who has confidently predicted that a new steel programme will be in effect by tomorrow.

"There is no country with which we are dealing that I am not convinced will enter into a voluntary restraint agreement [VRA] and a consensus agreement on time," he said, although he acknowledged there might have to be "some clean-up" after the deadline.

US trading partners are being asked to agree to VRAs and to sign up for a "consensus" pact which would limit or eliminate subsidies. The US is reported to be seriously considering basing the consensus on the EC Steel Aids Code, which limits subsidies to research and development, cuts in production capacity, and compliance with environment standards.

But Mr George Vary, for Armco Steel, said the industry favoured a pact which eliminates all subsidies and opens all markets immediately.

Talks are also centring on the time span of a consensus, which many countries want to expire in two-and-a-half years, with new disciplines to go into effect negotiated under the Uruguay Round of the General Agreement on Tariffs and Trade.

There is disagreement, too, on how a consensus would be enforced.

Seoul current account goes into deficit

By Maggie Ford in Seoul

SOUTH KOREA has recorded a deficit in its current account *for the first time since 1986.* The Bank of Korea reported an August deficit of $136m compared with a surplus of $423m for the same month last year.

The figure brings South Korea's total current account surplus this year to $2.3bn, compared with $6.1bn for the same period in 1988.

The Bank said the August deficit was a temporary phenomenon, caused by importers bringing in capital and other goods early in anticipation of a devaluation of the won.

The won has remained stable for the past few months following three years of appreciation.

South Korea's trade surplus with the US in August was $376m, for a total in the first eight months of $3bn, a decline of 44 per cent over the same period last year.

The Seoul Government has been following a policy of increasing imports from the US and dampening export growth. Trade volume with Japan is widening, with exports up 17 per cent to $1.2bn and imports up 16 per cent to $1.6bn in August.

Officials have revised down the target figure for the current account surplus this year from $8bn to $7bn in the face of flagging exports while the economy goes through a transition period.

Japanese investors surge into foreign stocks

By Stefan Wagstyl in Tokyo

THE surge of Japanese portfolio investment overseas which began in April this year continued unabated last month, according to figures published yesterday by the Ministry of Finance.

Net purchases of foreign securities totalled $10.3bn compared with $9.9bn in July. Direct investment also maintained the high level it has reach over the last 18 months – with Japanese companies investing $3.2bn last month against $3.6bn in July.

These flows of funds are a key reason behind the strength of the US dollar on the foreign exchange markets since the spring.

The ministry's monthly report showed that both Japan's trade and current account surpluses fell last month compared with August 1988. The trade surplus dropped to $4.9bn from $6.3bn and the current account surplus to $3.4bn from $5.0bn. The ministry said it was the sixth year-on-year decline in a row.

However, on a seasonally-adjusted basis the trade surplus increased last month to $6.3bn from $5.5bn in July. Exports rose 3.9 per cent to $22.9bn while imports were flat at $16.6bn. The adjusted current account surplus was also higher at $5.1bn against $4.1bn.

● Japan's jobless rate rose 0.1 points last month but still remained low at 2.3 per cent.

South African economy 'heading for a soft landing'

SOUTH AFRICA'S economy is on course for a soft landing, though high inflation and money supply growth, as well as the relatively low level of reserves and the current account surplus, continue to cause concern, Patti Waldmeir reports from Johannesburg.

These are the conclusions of the South African Reserve Bank (central bank) in its quarterly bulletin, published yesterday.

The bank notes that the rate of increase in both real domestic production and real gross domestic expenditure slowed in the second quarter of this year, with real GDP growth slowing to an annualised ½ per cent, and real gross domestic expenditure growth easing to an annualised 2 per cent.

The annualised figures for the previous quarter were 1.5 per cent and 6 per cent respectively.

This provides "further evidence of the economy's cyclical cooling-down and of its having moved into the early stages of a consolidation phase," the report notes.

However, inflation had accelerated "markedly and disturbingly" in the first two quarters of 1989, from already high levels in 1988. The consumer price index had quickened, on a seasonally adjusted and annualised basis, from 9.2 per cent in the first quarter of 1988 to 18.4 per cent in the first two quarters of this year.

Far too little progress had been made in slowing the increase in money supply, with the rate of increase in M3, the broadly defined money supply, still substantially exceeding the 18 per cent upper limit of the 1989 target range.

The annualised current account surplus in the first half of 1989, at R2.3bn, fell well short of the surpluses recorded in the second half of 1988, because of a steep decline in the dollar price of gold and continued high import demand.

Large capital outflows, coupled with this shrinkage of the current account surplus, meant that foreign reserves could not substantially be replenished. In dollar terms, the value of gold and foreign exchange reserves fell in the first half.

The year-on-year percentage increase in both Exchequer receipts and real Exchequer issues in the first four months of fiscal 1989-90 greatly exceeded budget proposals. The eventual deficit before borrowing for the whole fiscal year may turn out to be less than envisaged in the budget proposals, the report notes.

City's liberal gesture fails to impress Blacks

Abolishing segregation won't bring the races into closer contact, writes Patti Waldmeir

FIFTEEN years ago, the good burgers of Johannesburg decided in principle to abolish the evil of petty apartheid from their shining city. When it came to swimming pools, buses and parks, though, they never got around to putting their good intentions into practice.

Earlier this week, the city council decided it was time to correct that oversight. From now on, all the peoples of Johannesburg will be allowed to use all of the city's facilities on equal terms. In the morality play of life in South Africa, this must rank as one of the more pleasing vignettes.

But as usual in South Africa, morality is certainly not the only – or even the most important – force at work.

The white inhabitants of the city showed, in an opinion poll conducted by the city council, that they favoured desegregation of buses and recreation areas, and that quite a few of them favoured shared swimming pools (though not a majority).

But overwhelmingly, those who voted for integration lived in just those suburbs where virtually every house has a swimming pool, every matron has her garden and every family has at least one car. The ultra-right Conservative Party calls it the "north-south divide": the gulf between the abundant greenery of the northern suburbs and the much more modest residential areas to the south.

And despite the high moral tone adopted by the city councillors who announced the decision earlier this week, their room for manoeuvre was – in practical and political terms – very limited.

The September 6 general elections gave the ruling National Party a shock nationwide, as they lost a much higher-than-expected number of seats to the liberal Democratic Party. But in Johannesburg, this appears to have been especially acute: the Democratic Party actually gained more white votes in the city than the Nationalists.

That may have helped the National Party-controlled management committee to the conclusion that if political concessions were to be made, they should be made to left, not right. So despite a majority result in the opinion poll against desegregating swimming pools, the council took its courage in its hands and went for integration.

Whites Only signs have been removed from a beach near Cape Town where Archbishop Desmond Tutu is to lead a multi-racial demonstration today against apartheid. Local officials said the decision was "in line with a trend of ending petty apartheid".

It would have found it difficult to do otherwise. For some months ago, it emerged that the pools had never legally been segregated in the first place. Keeping blacks out was a matter of custom, not law.

In those circumstances, to insist on segregation would have meant introducing petty apartheid regulations where none had previously existed – and would have put the Johannesburg council in a league with the ultra-conservative towns of Boksburg and Carletonville, which provoked black wrath by reintroducing petty apartheid after last year's municipal elections.

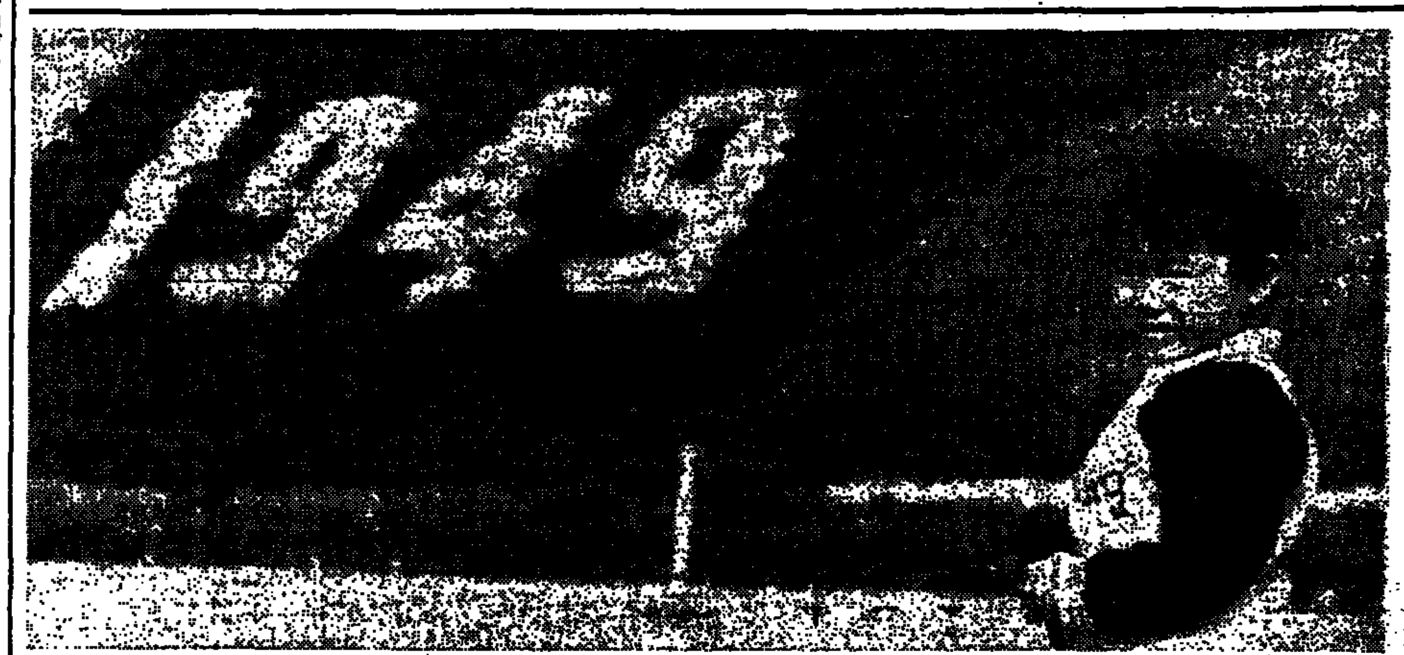
Black leaders say they are unimpressed by the Johannesburg decision, noting that while "grand apartheid" remains in force – in the form of segregated residential areas and schools – all other change is irrelevant.

The practical impact of the decision, too, may be limited. Blacks are scarcely likely to swamp white pools, given that the apartheid education system does not, for the most part, provide for teaching them to swim in the first place.

And so long as the bus system maintains the current tariff structure – with fares on the old black buses costing 60 per cent of the white bus fares – the passenger mix may not change that much. True, blacks can now choose which bus they prefer; but some were doing so already in any case, and further change will probably be slow in coming.

But if blacks argue that petty apartheid was not a major item on their political agenda, it is hard to believe that the white political agenda has not been influenced by this decision.

And as blacks continue to move, illegally, into white residential areas in Johannesburg, pressure on that agenda can only increase.



A PEKING child poses (above) with a toy machine gun in front of decorations commemorating the 40th anniversary of the founding of the People's Republic of China.

China is preparing to mark tomorrow's anniversary of the 1949 revolution with a huge propaganda campaign to justify 40 years of communist rule, and with the army standing guard to stop any of the unconvinced from marring the day, Reuter reports.

The anniversary promises to be heavy with both symbolism and tension, with official festivities concentrated in Tiananmen Square, where pro-democracy protestors were massacred in June.

Up to 100,000 troops are expected to be in the capital – almost as many as the civilians due to take part in organised dancing and other celebrations in the square.

23,000 join E German exodus

By Judy Dempsey in Vienna

MORE THAN 23,000 East Germans have crossed to the West via Hungary, according to figures released by the West German and Austrian authorities.

The flow of East Germans follows Hungary's decision three weeks ago to suspend temporarily a bilateral agreement in 1969 with East Berlin which committed both countries to return citizens caught trying to escape to the West.

So far, the Hungarian authorities have given no indication as to when they might re-invoke, if at all, the agreement, particularly in the light of recent developments in the West German embassy in Prague.

Over the past week, hundreds of young East Germans have crossed the iron railings into the Baroque Lobkovic Palace, bringing the number of 3,000.

Aquino explains ban on Marcos's remains

By Greg Hutchinson in Manila

CONSIDERATIONS of security and justice were compelling President Corazon Aquino to shirk time-honoured Philippine burial rights and bar the entry of the remains of the late ex-president Ferdinand Marcos, she said yesterday.

President Aquino is taking this line at considerable risk to her own popularity and in face of mounting pressure from not only the opposition but some influential government senators who are urging her finally to make reconciliation.

Mr Salvador Laurel, the Vice-President, warned this could be the "last opportunity" for such a national reconciliation. But President Aquino has held firm, no doubt with the unsolved murder of her husband, Ninoy, strongly in her mind.

Marcos, who died after a lingering illness on Thursday, had been held responsible by Mrs Aquino for the killing of Ninoy as he arrived in the Philippines from the US in 1983.

Asked yesterday if she was still interested in knowing who ordered her husband killed, she said: "I am after finding the truth once for all. As I said, reconciliation has to be based on justice".

Asked if, now that Marcos was dead, she was more confident of getting back the wealth he is alleged to have removed from the country, she replied: "There is no great change in our activities," adding that she expected some good news from Switzerland by the end of the year. Marcos, his family and associates are said to have put hundreds of millions of dollars in a Swiss bank account.

Mrs Aquino left open the possibility that at some later date she would allow the rest of the Marcos clan to return to the Philippines, but said that "the wrongs of the past have to be righted".

Aquino: taking a risk

Nigeria in deal on release of World Bank loan

By Michael Holman

NIGERIA has reached agreement with the World Bank on the release of the second half of a $500m trade and investment policy loan, Mr Abubakar Alhaji, the country's Minister of Budget and Planning, told a press conference in Washington yesterday.

The main issue holding up an agreement – which should have been secured at the start of the year – has been the bank's insistence that Nigeria should cut spending on the uneconomic Ajaokuta steel project, which has so far cost more than $3bn.

This now appears to have been resolved, although some details of this and other issues have yet to be settled. A World Bank official said yesterday that this week's negotiations had gone very well, adding that "a framework for agreement was in place," which would be subject to review and confirmation by bank.

Both parties hope that disbursement could get under way in November.

"The general consensus is that Nigeria has taken powerful [economic] measures and deserves the support of the international community," the minister said. He said that Nigeria would press for better terms next year from its official government creditors of the Paris Club.

Abidjan cocoa price cut

IVORY COAST, the world's leading cocoa producer, has slashed prices paid to cocoa farmers and now appears on the verge of ending a long stand-off with foreign creditors, trade and banking sources said yesterday, Reuter reports from Abidjan.

President Felix Houphouet-Boigny offered an olive branch to the International Monetary Fund and World Bank on Thursday by halving the guaranteed cocoa producer price to 200 CFA francs (37p) per kilo.

A big plantation owner himself, he had long resisted such a cut and pledged to maintain farmers' incomes, but foreign creditors have insisted that losses by the Caisse de Stabilisation (commodities marketing board) be cut.

"A cocoa price commitment might be just what they're looking for... This could clear the way for a rescheduling and resumption of debt repayments," one banker said.

US economic indicators rise

The US index of leading economic indicators, a barometer of future economic trends, rose by 0.2 per cent in August in a further sign of slow but steady growth, Reuter reports from Washington.

The second consecutive rise in the index slightly exceeded Wall Street expectations of a 0.2 per cent increase after July's revised 0.1 per cent gain. The July increase was previously reported at 0.2 per cent. The Commerce Department figures signalled that slow but steady growth would be likely to occur in the next six to nine months.

Five of the 11 indicators that make up the index increased during the month, led by manufacturers' new orders for consumer goods and materials.

Peru's cabinet resigns en masse

The cabinet of Peruvian Prime Minister Luis Alberto Sanchez has resigned to help President Alan Garcia improve the government's image ahead of municipal elections, Reuter reports from Lima.

Mr Garcia, faced with increasing leftist guerrilla violence and an economic crisis, will now be free to name a new cabinet to serve in the last stage of his government before general elections due next April.

Hong Kong opposes ban on ivory trading

By Michael Marray in Hong Kong

DESPITE the seizure by Hong *Kong customs officers of 700* kilograms of raw ivory, being smuggled into the Kwai Chung container port from a ship in Singapore on Wednesday, the territory intends to oppose vigorously a total ban being proposed by some signatory countries of the Convention on International Trade in Endangered Species of Wild Fauna and Flora which is set to debate the issue at a meeting in Switzerland next month.

Hong Kong has come under heavy criticism for its role at the centre of the world ivory trade, but it argues that a total *ban will hurt local craftsmen* and traders who legally acquired these stocks within convention regulations.

The government is particularly concerned about existing *stocks of ivory, both scraps* and whole tusks, which amount to around 670 tonnes and have a market value of some HK$1bn (£80m).

Hong Kong has an estimated 3,000 workers who depend on ivory for their livelihood, ranging from small craftsmen and traders to big international dealers. Dr Lawrence Lee, Hong Kong's director of agri*culture and fisheries, said* yesterday that if trade in existing stocks was permitted, these people would be given a grace period of several years before all their legally acquired *stocks, brought into Hong* Kong with proper licences from convention-approved sources, ran out.

He dismissed suggestions that Hong Kong dealers had been *stockpiling ivory in antic*ipation of a worldwide ban. "There is absolutely no truth in such an allegation, because the existing stocks of 670 tonnes represent legal imports accumulated over more than 10 years," he said.

Since June, Hong Kong has joined other countries in temporarily banning all imports of new ivory pending a ruling from the convention, though illegal shipments – such as that seized on Wednesday – continue to enter the territory.

The government has said that though it would be willing *to abide by a ban on trading in* new ivory, even if this means the gradual winding-down of the local industry over a period of years, it would still prefer to see the continuation of ivory trading under closer supervision, a position which could bring it into conflict with the UK ahead of the conference.

Although Hong Kong "is fully committed to the conservation of endangered species, including the African elephant," Dr Lee said it would like to see trading in new ivory continue under a well-supervised global trading system, set *up with better surveillance* and controlled culling of the elephant population. A blanket ban would merely drive the business underground.

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LEBANESE DEPUTIES DEBATE ARAB LEAGUE PEACE PLAN IN SAUDI ARABIA

Beirut warlords stay home as 'democracy' resumes

By Lara Marlowe in Taif, Saudi Arabia

LEBANON'S "last chance" Parliament meets today in the Saudi Arabian mountain resort of Taif for Christian and Moslem deputies to debate the peace plan drawn up by the Arab League's tripartite committee.

The meeting comes after nearly 1,000 people died in six months of artillery bombardments set off by the determination of the Christian Lebanese leader, General Michel Aoun, to drive 40,000 Syrian troops out of the country.

Lebanon's Parliament was last elected in 1972. After the civil war started in 1975 it was impossible to hold parliamentary elections and the legislature's mandate was repeatedly renewed by successive wartime presidents.

Two attempts to achieve a quorum and replace the outgoing President, Mr Amin Gemayel, failed last year because Mr Samir Geagea, the leader of the "Lebanese Forces" Christian militia, threatened to shell the parliament building where a pro-Syrian Maronite was to be elected. Lebanon has thus been without a head of state since September 23, 1988, when the Government split into rival pro-Iraqi Christian and pro-Syrian Moslem governments in east and west Beirut.

Both Mr Walid Jumblatt, the Druze leader, and Gen Aoun – who mutually detest one another – have disputed the legitimacy of the present parliament on the grounds that it no longer represents the Lebanese people. The argument may have a degree of validity, but the fact remains that the parliament is the last mechanism of Lebanese democracy and the only hope for restoring peace to the country. Neither Gen Aoun nor Mr Jumblatt has anything better to offer.

Today's meeting is the result of an attempt by the Arab League, and in particular Mr Lakhdar Ibrahimi, the tripartite committee's special envoy, to transform a military conflict into a political dialogue.

For this reason, none of the military men or militia leaders who have participated in the violence of the past six months have been invited to Taif. Previous "reconciliation committees" which met in Switzerland in 1983 and 1984 brought together the men who have militias at their disposal and whose power transcends any political office they may hold.

Berri: will take instructions from Syria on how to respond

While a degree of accord was reached at past conferences abroad, it quickly disintegrated when the decision-makers returned to Lebanon and to their individual fiefdoms. The Maronites failed to carry out promised political reforms and reneged on their agreements – just as Gen Aoun this week went back on his promise to co-operate with the Arab League's plan.

But this time, after a six-month "war of liberation" which cost hundreds of lives, emptied Beirut of its population and did hundreds of millions of dollars' worth of material damage, the Christians are in a weaker position.

Although influential Maronites still rail at what they perceive to be the injustice of Syria's "satellisation" of Lebanon and the world's acquiescence in Syria's domination of the country, they now seem to realise that they can only lose a military confrontation.

The Christian Lebanese deputies who have travelled to Saudi Arabia are in Taif to protect, as much as is possible, the interests of their minority community. It was out of fear of too rapid a "de-confessionalisation" of Lebanon's system – which would have incurred the automatic rejection of the Christians – that the Arab League committee preferred to leave the presidency, the positions of commander-in-chief of the army and governor of the central bank, and other key positions, in Maronite hands for the time being.

Although Syria's closest Lebanese allies and the most adamant advocates of reform such as Mr Jumblatt and Mr Nabih Berri, head of the Shia Moslem Amal militia, are demanding the immediate abolition of the "confessional" system devised in 1943, they are likely to compromise if their Syrian mentors insist on co-operation with the peace plan. Likewise, they will be able to prevent its realisation if Syria takes issue with the results.

Aoun: his future in doubt whatever the outcome of talks

Gen Aoun tried to persuade Christian deputies not to come to Taif. When that failed, he begged them to postpone the session. Finally, he asked that they adopt a unified position before leaving Beirut yesterday. All of his requests went unheeded and Gen Aoun's career may well be over, although he continues to occupy the posts of commander-in-chief of the army and interim prime minister of the east Beirut government in the absence of any other authority.

It is to re-establish such an authority that the Parliament was convened outside Lebanon – where it would not be shelled or its members stopped en route at militia checkpoints.

If, as hoped, a working document can be agreed on, presidential elections, the formation of a government and the enactment of political reforms that would distribute political power more fairly between Christians and Moslems should follow on Lebanese territory.

"The document itself is almost immaterial," says Mr Ibrahimi. "The real question is whether they are willing to try to live and work together. If so, they could nominate one intellectual from each side and the two could draw up a plan over the telephone."

The Arab League is trying to return Lebanon's future to the hands of the politicians. Even if the ageing and little known deputies meeting in Taif want "to try to live and work together", there is still a great danger that the militia leaders who have acquired so much power in Lebanon and who have been excluded from this process may sabotage it by resuming shelling or gun battles. The leaders may be induced to join in the political process, but the rank-and-file gunmen who have grown up during the war are likely to remain part of Lebanon's problem.

Jumblatt: has expressed opposition to compromise

The "Lebanese Forces" Christian militia, traditionally the most ardent defenders of Maronite privilege, have done themselves credit by supporting the Arab League plan.

Mr Geagea has told Mr Ibrahimi that he supports the peace plan. His political counterpart as president of the Phalange Party, Mr Georges Saadeh, has praised the Algerian diplomat's efforts and is attending the meeting in Taif.

But the Phalangists have been notorious in the past for their erratic and violent behaviour. If the militia-cum-party which wields so much power in the Christian enclave really has entered into a new phase of its history and is willing to accept equal rights for Moslems, it will have a hard time convincing its Moslem and Druze enemies of this. If the Phalangists are using Gen Aoun's gradual demise caused by his futile "war of liberation" and the Arab League plan as a Trojan horse for reasserting Maronite domination, the situation will grow worse.

More cynical Lebanese say that the more extreme Maronites and the pro-Iranian Hizbollah (Party of God) share certain characteristics. The Maronites want a Christian republic, the Hizbollah want an Islamic republic. Because a parliamentary democracy does not answer to their absolutism, it is the extremist, armed factions, both Christian and Moslem, who are most likely to sabotage any solution in Lebanon.

Hizbollah has also been left on the periphery of any settlement. It is in a state of disarray following the death of Ayatollah Khomeini and the election of President Rafsanjani. They have not been consulted in any of the present truce arrangements and have threatened to "fight to the death" to prevent another Maronite presidency.

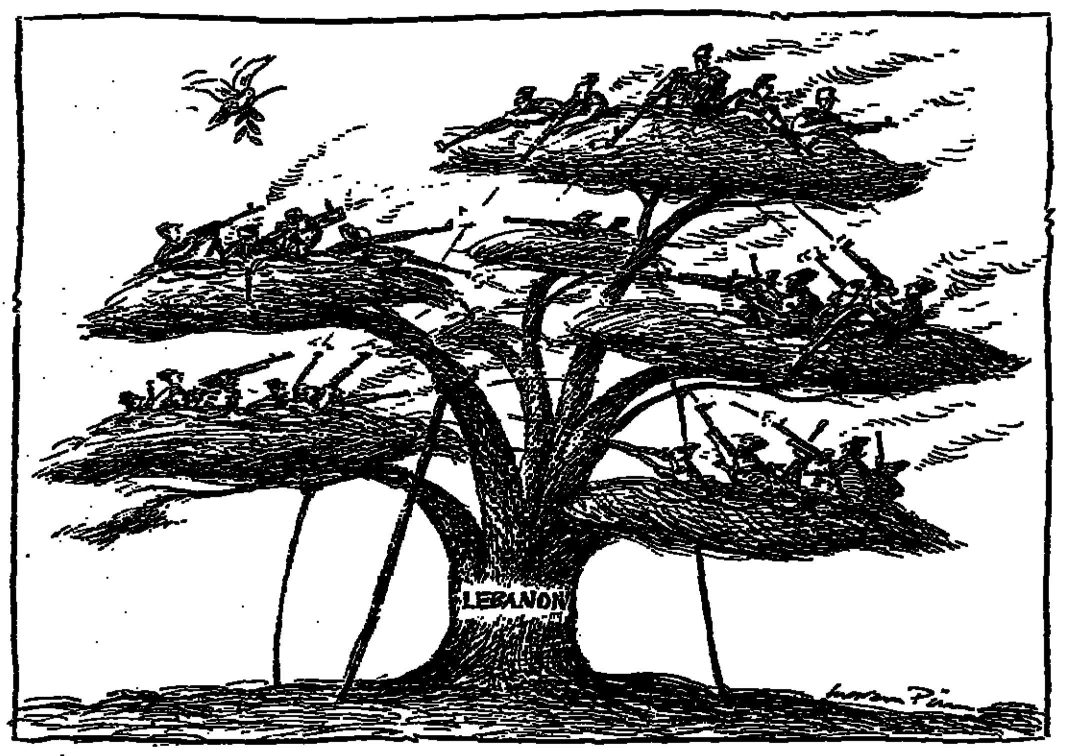
The civil war has destroyed Lebanon's political structure. For more than 14 years, the only way to control territory or raise taxes in Lebanon has been at gunpoint. One of the greatest difficulties in returning to peace is that the mechanism whereby politicians stand for office and administer justice, law and order has broken down.

"I keep telling them that this is a great opportunity, an incredible challenge," Mr Ibrahimi says. "If there is peace, they will be faced with an unknown. Everything is to be re-created."

One thing appears certain. Because Gen Aoun lost his war, the Maronites cannot shake off the Syrian influence they have so resented. As an Arab diplomat in the region pointed out, Syria's main concern is not so much justice in Lebanon as its own security. "Do you think there would have been political reforms if Frangieh had been elected last year?" the diplomat said. In 1988, Syria supported the election of Mr Suleiman Frangieh, a Maronite who is a friend of President Assad of Syria.

The question now, according to the same diplomat, is "whether Lebanon will have an extremely pro-Syrian President and very little reform, or a moderately pro-Syrian President and a lot more reforms."

As many as 100,000 Lebanese are estimated to have died in the civil war. Too much blood from all sects and factions has been spilled for anyone to come out of the conflict victorious. Yet all of the parties to the conflict want to justify the sacrifice their community has made. It is the impossibility of fulfilling this universal but irreconcilable need that most confounds the peacemakers.



US seeks $1bn Saudi tank deal

By Peter Riddell, US Editor in Washington

THE US wants to sell up to 315 battlefield tanks to Saudi Arabia at a cost of between $700m and $1bn.

The plan to sell the M1-A1 tanks, produced by General Dynamics, has been raised by senior members of the Bush administration with members of the Israeli Government in discussions in the past few weeks.

Mr Dick Cheney, the Defence Secretary, and Mr James Baker, the Secretary of State, have told their Israeli opposite numbers that the US is prepared to take steps to meet Israel's security concerns provided there is no strong or active opposition to the deal.

The administration wants to reach a private understanding on the issue with Israel in the hope that the latter will not try to use its influence in Congress to block the sale.

Mr Baker is apparently hoping for a repeat of the July 1988 arrangement over the sale of 40 F-18 fighters and 300 Maverick air-to-ground missiles to Kuwait. The administration agreed to downgrade the level of the sophistication of the Mavericks, while it gave Israel military sales benefits to help its armaments industry. Israel then offered only token opposition to the deal.

By contrast, the administration wants to avoid the major battle with pro-Israel supporters in Congress which occurred over the sale of five AWACS advanced warning planes to Saudi Arabia.

In the latest discussions with Israel, the Pentagon has proposed that certain weapons and war materiel placed in Israel for use by the US military in the event of a Middle East war could be of dual-use capacity by both the Israeli and US forces. One suggestion is up to $100m of equipment suitable for either army might be placed in Israel and be paid for as used if Washington approved.

A similar arrangement already applies in South Korea between the US and South Korean forces. At present any equipment in Israel is for single use by US forces only.

Shamir meets Bolshoi

Mr Yitzhak Shamir, the Israeli Prime Minister with a ballerina from the Bolshoi Ballet, which is on a first visit to Israel

Thyssen in Iran deal

By David Goodhart in Bonn

THYSSEN, the West German steel and engineering group, is set to resume business with Iran after several years on an Iranian Government blacklist.

The company has settled a long-standing disagreement with Iran arising from work on the Isfahan oil refinery which was completed in 1981.

The DM2bn refinery was built by a consortium of the US group Fluor (50 per cent), Thyssen (25 per cent) and another West German firm Mannesmann (25 per cent). After completion the National Iran Oil Company and Thyssen were in conflict over various payments, and a few years later Thyssen was black listed.

The resumption of normal business relations has been facilitated by an out-of-court payment by the Iranians to Thyssen's Iran-based subsidiary.

Mubarak calls in UN speech for PLO-Israeli talks

By Michael Littlejohns, UN Correspondent

EGYPTIAN President Hosni Mubarak said yesterday that favourable conditions exist now for a Palestinian-Israeli dialogue without preconditions.

Letting the opportunity slip would be a grievous mistake "exceeding all errors made in the past" on the Middle East question, he said. Mr Mubarak told the UN General Assembly that the talks he proposed should explore ways to end the conflict, based on the principle of exchanging "territory for peace."

The Egyptian leader has been seeking to arrange talks between Israeli and Palestinian delegations to prepare for elections among Palestinians in the Israeli-occupied West Bank and Gaza Strip. But as he was speaking mainly in his capacity as chairman of the Organisation of African Unity, he covered the Middle East situation only briefly and did not stress his own mediation effort.

Saying that peace efforts had begun to bear fruit, he said he hoped that a dialogue now, based on UN Security Council resolutions 242 and 338, would produce conditions for a comprehensive settlement. These resolutions call in part for Israel's withdrawal from territories occupied in the 1967 war.

Mr Mubarak is due to meet President George Bush in Washington on Monday, and is expected to urge him to throw more weight into Middle East peace-making. His UN speech came amid a flurry of meetings variously involving Mr James Baker, the US Secretary of State, and the foreign ministers of Egypt, Israel and the Soviet Union.

Mr Eduard Shevardnadze, the Soviet Minister, on Thursday again urged Israel to accept an international Middle East peace conference when he met his Israeli counterpart, Mr Moshe Arens.

He also offered to host talks between Israel and Palestinians in the Soviet Union, warning the Israelis that if the Palestine Liberation Organisation is excluded from peace talks, there will never be a settlement. The PLO yesterday eagerly accepted the Soviet proposal, but Mr Arens reiterated that Israeli law prohibits contacts with the organisation.

■ Israel's Labour Defence Minister, Mr Yitzhak Rabin, called yesterday for negotiations with Palestinians, Reuter reports from Jerusalem.

"The reality today is that the only partner with whom Israel can, maybe, develop negotiations is the Palestinians . . . this is not a choice but a necessity," Mr Rabin said in a Jewish New Year interview. However, the Prime Minister, Mr Yitzhak Shamir, and his Likud colleagues reject the idea of an international conference. They advocate elections in the occupied territories in hopes of bypassing the PLO.

Alexandria plans return to former glories

By Tony Walker in Cairo

WHEN the great library of Alexandria was destroyed by Julius Caesar's legions during the siege of the city in 48BC, the ancient world was robbed of its pre-eminent seat of learning; and the city itself fell into a long, slow decline that continues to this day.

In Alexandria this week, a tentative step was taken towards recapturing some of the city's former glory with the award to a Norwegian-led group of an international prize for the design of a new library to be built on a coastal site not far from where the original was located. "We hope," Mr Per Morten Josefson, the group's spokesman, said, "that our design will symbolise the renewal of the culture of Alexandria."

The award-winning architects and designers chose the rising sun as their inspiration for a proposed, tilted structure that will emerge, almost organically, from the ground.

The interior of the library will embrace a vast, open stepped area that will consist of no fewer than nine "floors" cascading down to a point 11 metres below sea level. The architects explained that they had shunned a "flat" floor plan to avoid a "claustrophobic" effect common to many libraries.

The circular structure will be huge. It will stand 31 metres above the ground at its highest and will cover an area of 52,000 square metres. Apart from the library, there are plans for a museum, conference centre and planetarium on the site which faces Alexandria's famous, sweeping corniche, bordering the Mediterranean.

Miss Cordula Mohr, an art historian and member of the design team, said the building should be regarded as an institution "reaching into the next millennium" with a "universal" role as a centre of learning and culture.

The successful nine-member Snohetta design team, which includes six different nationalities, beat 1,000 participants from 77 countries for the $60,000 first prize. The plans took about four months to complete, and the work was done in Los Angeles which is more or less on the same latitude as Alexandria.

A feature of the structure will be a "hi-tech" roof to allow maximum penetration of natural light, while protecting books and manuscripts from direct sunlight. The roof is also designed to help cope with the high temperatures of Alexandria during the summer, and to provide what was described as "acoustical control".

Another special feature of the proposed building will be the outer wall which will carry the artwork of the world's modern and ancient cultures in keeping with the aim of achieving a universal appeal.

The new Alexandria library is expected to cost about $180m to build, and funds will be raised by international subscription. Unesco is co-ordinating fund-raising efforts.

Dr Saad al-Rawi, Unesco's representative in Cairo, said there had already been a "lot of interest" in funding from countries such as Italy and Japan, and from the Getty Foundation. He hoped that work could begin in six to 12 months, and that the building could be completed by 1995.

It was important to remember this "was not a library in the traditional sense, but a cultural centre for all mankind."

Job loss fears as TSB restructures after profit fall

By Jimmy Burns, Labour Staff

TSB, Britain's sixth largest banking group, could be poised to make staff cuts as part of the first stage of a radical reorganisation of its retail operations, say union officials.

The bank said last night that it might bring forward "some elements" of its plans for streamlining which were not due to be revealed until the end of next month.

It refused to comment on reports that an early announcement on job losses could involve several hundred senior and middle-ranking managers as well as many other redundancies.

Senior TSB managers are due to meet representatives of the Banking, Insurance and Finance Union (Bifu) on Monday. The bank said last night this was part of a regular series of meetings with union officials to discuss the bank's planned "strategic review."

One senior union official said last night that, although Bifu itself had yet to calculate a figure and had not been informed of one by TSB management, it was now clear that the bank was planning a "reduction of jobs."

Concern over the job implications of TSB's strategic review are reflected in the leader of the latest union journal. It says: "Members in TSB are growing increasingly uneasy regarding the proposed structural changes within the organisation. Demands are growing for information regarding possible job losses and job relocation."

Bifu claims to have evidence that redundancies are already taking place, although TSB has denied that any are linked to reorganisation.

Mr Bill Whiteman, Bifu's assistant secretary told the union's journal: "It would appear that very senior people have left the organisation taking considerable cash settlements with them."

TSB's intention to streamline its operations to make them more competitive were first announced at the end of July by Mr Peter Ellwood, the chief executive of retail banking.

Mr Ellwood, who joined TSB from Barclaycard in March, said he aimed to create a leaner and fitter structure in the bank. At the time, Mr Ellwood said he would not rule out the possibility that the changes would lead to some job losses but declined to comment on reports then that restructuring could mean as many as 1,800 redundancies.

The proposed streamlining follows a steep drop in pre-tax profits during the half-year that ended in April. Half-year profits for the group before tax were 22.4 per cent down on last year at £164.5m.

Littlewoods says 1,850 retail jobs are surplus

By Maggie Urry

LITTLEWOODS, the retailing and *football* pools group, has identified the equivalent of 1,850 surplus full-time jobs out of 27,000 jobs in its retailing *division.*

The jobs are going through natural wastage, voluntary early retirement, the ending of temporary staff contracts and redeployment of staff.

Many retailers are looking at staff reductions. As turnover of staff in retail operations is often high, jobs can usually be taken out without major redundancy programmes.

Littlewoods, which is a private, family-controlled company, has just completed a performance improvement review, which showed that a number of jobs were being duplicated.

A total of 1,150 jobs were found to be surplus and were removed as people left or became eligible for early retirement. Another 700 jobs are *planned to go over the next* three years.

Usdaw, the shopworkers' union, said it wanted to see the report justifying the job losses, which would affect more than 2,000 people in all.

Jobs have been lost throughout the retail division, including the high street shops, the home shopping operation and at head office. Most of the 700 jobs yet to go are in the home shopping business.

Littlewoods said the move to reduce jobs was part of a range of initiatives to improve its market position.

Clarke may tell NHS to use pendulum arbitration

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT plans to use statutory pendulum arbitration to resolve disputes between hospitals and health authorities under its proposed National Health Service reforms.

Under changes planned in the white paper Working for Patients, the financing and supply of health care would be separated, with health authorities entering into new forms of contract with hospitals for the provision of treatment.

A document giving details of how the contract proposals *would work was circulated to* health authorities yesterday. The system is likely to give rise to disagreements between hospitals and health authorities over some contracts and the document shows that Mr Clarke intends to use statutory powers to resolve them through conciliation and binding arbitration.

It says Mr Clarke is minded to stipulate that the arbitration panel should have to find for one party or the other and not be able to compromise. This system of pendulum arbitration would "impose maximum pressure on both parties to make sensible final offers to each other."

Contracts will begin to operate in 1991, and the Government intends that all health services should be placed on a contractual footing by 1994-95. It expects the great majority of non-emergency hospital admissions to go to hospitals with which a local health authority has entered into advance contracts.

Although the document says that general practitioners will retain the right to choose to refer patients elsewhere, it adds: "This principle cannot be interpreted as a licence for GPs to disregard the contract *arrangements.*

"The district health authority as budget-holder is accountable for its expenditure and it cannot therefore be put in the position of being a mere cypher and reflecting individual GPs' wishes regardless of their effect on other patient services."

Mr Clarke, who earlier this week persuaded the British Medical Association to withdraw its opposition to one aspect of his proposals – drug budgets for GPs – said yesterday: "Critics of the white paper have tried their best to persuade people within the NHS not to take forward its proposals. They have manifestly failed."

Austin logo to disappear from Rover dealerships

By John Griffiths

THE Austin name is to disappear from the premises of Rover Group's 940 dealers. The name Austin Rover will go in a conversion starting in January. They will be converted to display a new corporate livery in maroon, gold and cream and proclaiming only the name Rover. A pilot dealership, an outlet of the Charles Clark group at Telford, has already been converted.

Rover Group, now part of British Aerospace, erased Austin – again without any announcement – within the corporation itself on September 4, when it changed the name of its car-making subsidiary from Austin Rover to Rover Cars.

The revamping of dealer premises is being timed to coincide with the arrival in showrooms from the end of this year of the new Rover 200/400 car range being unveiled at *Motorfair* next month.

The cars form the vanguard of a wave of new products to be introduced by Rover starting early next year, and which are aimed at turning the company into a producer catering mainly to the prestige end of each major model sector by the mid-1990s.

Rover had been hoping to get the changes in corporate livery under way without much publicity, because they form only part of a much wider programme aimed at raising standards which has been going on behind the scenes for several years. Some basic details emerged this week, however, in the newspaper, Motor Trader.

Mr Kevin Morley, commercial director of Rover Cars, last night refused comment on how much is being spent on the revamping of the corporate image, which is being funded jointly by the company and dealers. "It is expensive – but the dealer network fully recognises the benefits".

Mr Morley said the current changes now under within the group "have been developing over a number of years". They are understood to include putting some 40,000 dealer network employees through customer satisfaction training, a two-year programme which is understood to be now nearing completion.

Given Austin's lacklustre image in the UK itself, it was decided to drop the Austin name from the cars themselves for the 1987 model year.

Apart from Land Rover and Range Rover, the only surviving non-Rover name is MG, which the research showed still has a strong sporting image to which a sizeable potential customer body remains strongly attached. It is thus regarded as still valuable and is likely to appear on future sport products, as well as being used on some Metros, Maestros and Montegos.

BBC to launch business news

By Raymond Snoddy

BBC Television launches its Breakfast Business programme on Monday – the Corporation's largest commitment so far to business and financial news.

It will be a segment of the BBC's re-launched breakfast television service, which is designed to have a harder news edge. The business news will run from 6.32am to 6.55am and there will be updates in Breakfast News, which will run until 9am.

Breakfast Business, presented by Rodney Smith, Fiona Foster, Ros Bew and Paul Burden, will use daily satellite feeds from New York and Tokyo to provide a worldwide financial news service.

It will also have its own daily review of the financial press and the City pages of general newspapers.

Cracking down harder on the City cheats

Richard Waters looks at the authorities' latest initiatives to combat white-collar crime

CRIMINAL deception is one way of describing it. "Theft by lying" is the phrase Det Supt Don Randall of the City of London police prefers to use. It is not defined in English law.

Its more common name is fraud – the white-collar crime which, in the public imagination, has become the unacceptable side of the great City boom of the past decade.

Figures released this week confirm the scale of the problem. City fraudsters are reported to have stolen, or to have tried to steal, just under £500m in the year to July. The full picture is much worse, however, as much fraud goes undetected or unreported.

According to a survey by the City of London police, less than a third of the financial institutions have a policy to report all frauds to the police. Many leave it to the discretion of managers. Perhaps as many as one in five are deterred from reporting fraud through fear of bad publicity.

That considerable fraud goes unreported is suggested by the survey's finding that more than half the companies said they had at some time been the victim of fraud. Nearly two thirds of all frauds are committed by employees, according to the City police fraud squad.

Much is minor, petty crime committed by junior employees. However, it all adds up and increases fears that fraud has become a City pastime.

Such vague conclusions are difficult to substantiate. Dr Michael Levi, a fraud expert at University College, Cardiff, *said it was impossible to know* whether fraud was becoming more common but added: "There is evidence that people think it is increasing."

Improved detection and reporting, and more public – or at least journalistic – interest may account for much of the apparent rise. Activities like insider dealing have also been made a criminal offence and others, which had previously attracted little attention in the "clubby" world of the City (such as the reinsurance scandals at Lloyd's), have been pursued.

According to the City police, electronic payment systems are high on the modern fraudster's target list, along with traditional crimes like telex frauds, fraudulent transfers of and forged bills of exchange. Another perennial favourite is extracting an advance fee on the promise of a large contract which never materialises.

Computer fraud is still rare – at least in its pure form of corrupting computer programs – although computers, with their speed and lack of human involvement, can help fraudsters.

A representative of the Hong Kong Independent Commission Against Corruption said in London this week: "Of course computers have been involved, but they have not been intrinsic to the fraud."

In most cases the fraud could have been perpetrated equally successfully if quill pens or accounting machines were still in use."

Recent large attempted frauds in the UK illustrate the pattern. Payment systems are *often the target and detection* is frequently by chance:

- A £32m attempted fraud on Union Bank of Switzerland last summer is believed to have been discovered after a computer breakdown led to a manual check of payments. The fraud involved using the Swift interbank payment system.
- A £15m attempted fraud on Mitsubishi Finance International revolved around Euclid, an electronic messaging system operated by Euroclear, a Eurobond clearing system. It was discovered by routine checks at another Eurobond house.
- A £61m attempted fraud on Hill Samuel last October fell apart after routine checks – although not before money had already been paid to banks around the world.
- A scheme to defraud Britoil of £23m, which came to trial this summer, was based on a forged payment authority. It was prevented only because the bank paying the money was *suspicious* about a telex stressing the urgency of the payment.

Fraud seems certain to make more headlines, not just in the UK but around the world, partly because of tighter rules in financial centres, which are competing for global recognition.

Mr David Ruder, chairman of the US Securities and Exchange Commission, sounded a pessimistic note last week. He predicted there would be a series of big fraud and insider dealing cases as laws and enforcement procedures were strengthened in France, Japan and the UK.

He added: "I believe that insider trading and fraudulent activities are endemic to the human race."

That tougher enforcement will weed out more crime is not seriously questioned. One insider dealing investigator in the UK said: "Give me twice the investigators and I will uncover twice the number of cases."

Police success in persuading companies to report fraud more frequently is also boosting the figures.

Much police effort in the City is going into encouraging financial institutions to do this.

Mr Randall said: "If someone does rob you, it is better to report it than sweep it under the carpet. We can offer prevention advice and promise to investigate it positively."

Encouraging companies to report crime, however, raises another question.

Dr Levi said: "You are opening a Pandora's box. If you try to get higher reporting, you have to be able to investigate it. Otherwise you have raised expectations you cannot fulfil."

Mr Randall claims to have – or be able to get – all the resources he needs to tackle City fraud. However, much *also depends on public* confidence in the system for investigating and prosecuting fraud.

Recent cases have done little to improve this confidence. In the biggest one, which arose out of the Lloyd's scandals of the early 1980s, two defendants were acquitted last month, two others were too ill to stand trial and another died in the long period it took the case to come to court.

The creation of the Serious Fraud Office and amendments to the Criminal Justice Act designed to speed investigations are the most significant new weapons in the authorities' armoury. However, they have yet to prove themselves against the tide of sophisticated fraud.

Police survey findings

- Electronic payment systems are high on the hit list
- More than half the companies surveyed said they had been hit by fraud
- Nearly two-thirds of fraud is thought to be committed by insiders

Talks on power station coal to start soon

By Maurice Samuelson

THE COAL and electricity industries are expected to begin formal negotiations shortly on the commercial contracts for power station coal supplies after the electricity industry is privatised.

The negotiations will take place between British Coal and National Power and PowerGen, which will inherit the power stations of the Central Electricity Generating Board.

There is disagreement about how quickly the negotiations can be concluded. Civil servants, worried about the prolonged delay in the electricity privatisation timetable, are said to be pressing for the coal contracts to be sewn up by the end of October.

British Coal, noting that it has taken the electricity industry 15 months to settle its own differences, feels that one month is a ridiculously short period in which to determine the fate of nearly the whole of its future business. It is bracing itself for the battle ahead.

Sir Robert Haslam, the British Coal chairman, last night emphasised the strength of the coal industry's case to retain the bulk of its business and called for "a balanced outcome" to its talks with the generators.

His statement followed yesterday's announcement by Mr John Wakeham, the Energy Secretary, that the Cabinet had approved the contractual framework with which the electricity industry would be sold off over the next 18 months.

With more than three quarters of British Coal's output sold to the electricity industry, the Corporation is anxious to prevent its biggest customer from defecting to other fuels or to imported coal.

The generating companies have spoken of cutting their bulk coal purchases from 75m tonnes a year to 60m in the first few years after privatisation. British Coal will try to minimise the losses but in the event of failure would have to contemplate further closures.

Under the formula approved by Ministers on Thursday, a quarter of the electricity business will be based on contracts between generators and distributors lasting up to eight years, with some of the remainder on five-year contracts. *British Coal hopes that* this will provide long-term security for the core of its own power *station sales.*

Sir Robert said in Manchester that the dramatic restructuring of British coalfields and difficulties plaguing many other coal-exporting nations "confirm the credibility of British Coal's case to be the dominant supplier of choice to our biggest customers."

Over the past two years prices for coal imports into Western Europe had risen by more than 50 per cent.

In four and a half years, British Coal had more than halved the number of its collieries and in the past eight months alone had closed 20 mines and cut jobs by another 25,000.

Sir Robert added that no other industry had carried *such an intensive contraction* since the axeing of the railways in the 1960s.

Brittan calls for minimum VAT rate

A MINIMUM rate of value added tax should be applied throughout the European Community, Sir Leon Brittan, Britain's senior EC Commissioner, said yesterday.

His stance distances him from the British Government's view that member states should be free to decide their own VAT rates. However, he stopped short of supporting full harmonisation and said member states should be free to apply higher rates.

He said that accepting a minimum rate of VAT would avoid countries making excessive reductions in indirect taxes to *remain competitive.*

Humberside plant

PARMATIC Filters of New Jersey is to build a European base at Flixborough, South Humberside, to design, develop and make high technology filters, separators and anti-biofouling equipment for the shipping and aerospace industries.

The move will create about 100 jobs, mostly skilled, over three years.

The company's products are used in submarines, aircraft carriers and civilian ships.

Wandsworth Tory

THE CONSERVATIVES held their one-seat majority in the London Borough of Wandsworth with victory in a ward by-election. Voting showed a 2.2 per cent swing to the Tories since the 1986 council elections.

Success for gilts buy-in

By Patrick Harverson, Economics Staff

THE BANK OF ENGLAND successfully completed its fourth reverse auction of gilt-edged securities yesterday when its £400m offer for stock was more than three times oversubscribed.

Dealers said the auction went very well for the Bank, with plenty of investors willing to sell. "With the market looking soggy because of base *rate fears, no one wanted to* miss the opportunity to get stock into the Bank," one analyst said.

The acquisition of gilts by the Bank is part of the Government's programme of buying back debt to compensate for the surplus of public sector revenues over expenditure.

The last reverse auction was on June 30, and a further auction may be held in 1990. The stocks targeted by the Bank, the average price and yield at which they were purchased and amounts raised were:

- 12% Exchequer Stock, due 1999-2002, at £107% to yield 10.71%, £27.1m bought.
- 9% Exchequer Stock, due 2002, at £91$\frac{13}{16}$ to yield 10.13%, £58.6m bought.
- 13¾% Treasury Stock, due 2000-2003, at £119$\frac{3}{16}$ to yield 10.68%, £314.1m bought.

Soldier in leak inquiry

A BRITISH soldier serving in West Germany is to be brought back to Northern Ireland, where he served previously, after being questioned about leaked security information on IRA suspects, the police said yesterday.

The soldier was interviewed about a montage of nine IRA suspects in Londonderry that was sent to The Sun newspaper last week.

Mr John Stevens, the Cambridgeshire deputy chief constable, is investigating a series of alleged security leaks from members of the Royal Ulster Constabulary and the Ulster Defence Regiment to loyalist paramilitaries.

The alleged leaks have strained the Anglo-Irish agreement. Mr Stevens is investigating at least seven leaks on more than 200 IRA suspects. The RUC has warned many of them that Protestant extremists *may have their identities.*

The Glasgow-based Daily Record said it had been sent photographs of 10 IRA suspects. The soldier who sent them said: "These are very easy to come by." The paper, which had previously received a list of 60 leaked photos, said it had handed over all the documents to the police.

Mr Stevens has boosted his inquiry team to create a 19-man squad.

Economist warns over delay on EMS

By Patrick Harverson, Economics Staff

BRITAIN will miss the opportunity *to shape the future* of the Economic Monetary Union in Europe if it delays full participation in the European Monetary System much longer, a senior French economist warned yesterday.

Mr Charles Wyplosz, an economics professor in Paris, said a system of monetary co-operation within Europe could be set up under the leadership of the Bundesbank, the West German central bank, if Britain declined to participate in the *establishment of EMU.*

He told a meeting in London organised by the Centre for Economic Policy Research: "If Britain chooses to wait, then the outcome the UK Government is least likely to want, a Bundesbank for Europe, will be more likely."

Mr Wyplosz said that Britain's choice was between continued exchange rate fluctuation outside the EMS and reduced monetary independence within it. The removal of capital controls within Europe, due in the middle of next year, would make complete harmonisation of monetary policy inevitable.

France, Italy and Spain were likely to support joint sharing of monetary authority within EMU as an alternative to increasing exchange rate stability and "subservience to the Bundesbank in the EMS," Mr Wyplosz said.

Member of Collins family joins publishing venture

By Raymond Snoddy

A MEMBER of the Collins publishing family is joining with a London merchant banker to launch Collins & Brown, a publishing company devoted to the production of high quality illustrated non-fiction books.

Mr Mark Collins, former managing director of Collins Publishers and deputy chairman of Weidenfeld & Nicolson, the publishers, has teamed up with Mr Cameron Brown, former Guinness Mahon banker and founder and chief executive of Abaco Investments, the financial services group. It is planning to issue its first titles next autumn.

Mr Collins, who will be publisher of the new company, unsuccessfully opposed the selling of family shares in Collins to Mr Rupert Murdoch's News International, which now controls the company. He said yesterday: "In recent years more and more book publishers have been swallowed up by media conglomerates which are themselves in a constant state of flux. This opens up real opportunities for new ventures."

Apart from the principals, the shareholders in Collins & Brown include a number of City and industrial investors. The company says it is well capitalised and has substantial funding for the development of long-term publishing ventures. Mr Brown said the business was sufficiently financed "to enable us to take our time and develop projects of lasting value rather than feeling pressured by the demands of the bottom line."

RBLA Company

The Royal British Legion Attendants Company is based in Cambridge and not in Cheadle Hulme as reported in the Financial Times yesterday. Its UK network includes branches in London, Leeds, Cardiff, Manchester, Poole and Preston.

UK NEWS

Rifkind welcomes heritage agency

By James Buxton, Scottish Correspondent

SCOTLAND'S new environmental protection agency will be more sensitive to the country's needs than the Nature Conservancy Council which it will replace, Mr Malcolm Rifkind, the Scottish Secretary, said yesterday.

Mr Rifkind also rejected fears that the planned new body would result in a slackening of Scottish conservation standards.

A natural heritage agency for Scotland is to be set up after the NCC is split into separate bodies for England, Scotland and Wales. It will absorb the divided NCC and assume its functions, along with those of the Countryside Commission for Scotland.

The proposed split, announced in July by Mr Nicholas Ridley, the former Environment Secretary, has been warmly welcomed in Scotland but strongly criticised by the NCC and some UK-wide conservation bodies.

Malcolm Rifkind: different approach than in the south

The Peterborough-based NCC is deeply unpopular in Scotland because of what is seen as its insensitive handling of conservation issues there, such as the question of forestry in the Flow Country of Caithness and Sutherland.

Mr Rifkind said: "The way we protect our environment must necessarily be different to the way it is approached in the south-east, where population pressures are much greater. The natural heritage agency will display a greater sensitivity and awareness than a body based in Peterborough."

However, he said, its "first and foremost role will be the continuation of the work of its predecessors in protecting our unique and priceless landscape, wildlife and habitats. The new agency will ensure that its operations match those of similar bodies in England and Wales through the use of common criteria, protocols and monitoring standards."

The splitting of the NCC and the creation of the new Scottish body will require two parliamentary bills. Yesterday the Royal Society for the Protection of Birds condemned the scheme, saying it would mean "less nature conservation."

Mr Rifkind said at a conference in Aviemore that the Government wanted to secure a major improvement of the environment of industrial Scotland, partly by means of a plan for woodlands around urban areas. It favoured both commercial and amenity tree planting in the rural areas.

Mr Rifkind, whose speech was welcomed by a representative of the Green Party, said environmental improvement and economic growth were interdependent, not alternatives. "Rather than seeking a green counter-revolution we should harness technology and industry to both the elimination of poverty and the protection and improvement of the environment," he said.

Although the Government was committed to market forces, this squared fully with the need for "even more stringent controls on pollution and a longer-term view of resource planning."

Global warming report urges co-operation

By John Hunt, Environment Correspondent

GREATER co-operation between Commonwealth countries to combat global warming is advocated in a report by environment experts investigating the problem for the Commonwealth Secretariat.

The report, which is to be debated at next month's meeting of Commonwealth heads of government in Kuala Lumpur, stresses that developing countries cannot be expected to abandon rapid economic growth in order to reduce gases such as carbon dioxide.

The report rejects the introduction of a carbon tax on fuels such as coal and oil on the grounds that it would not win general acceptance. However, it adds: "Energy pricing and fiscal measures can undoubtedly be used in a more general way to provide a major incentive for energy efficiency."

The study group on the greenhouse effect was chaired by Dr Martin Holdgate, former chief scientific adviser to the Department of the Environment and now director general of the International Union for the Conservation of Nature and Natural Resources.

Its report urges Commonwealth environment ministers to hold periodic consultations and for member countries to harmonise their policies at international meetings on climate change.

Priority should be given to providing technical assistance to developing countries, it says, and calls for a permanent Commonwealth group to evaluate the global warming problem.

The scientists recommend that Commonwealth countries should, where practicable, substitute natural gas for coal in generating energy because gas produces less carbon dioxide.

They believe nuclear power is unlikely to be a practical option in developing countries because of the high capital investment needed. They say: "We do not believe that nuclear energy will contribute on any large scale to the reduction in greenhouse gas emissions."

They estimate that temperatures will be between one and two degrees centigrade higher by the year 2030 than today and the rise in sea levels could be be between 17cm and 26cm.

They point out that even a small rise in sea level on the Guyanan coast would inundate most agricultural areas.

Climate Change, Meeting The Challenge. Commonwealth Secretariat, Marlborough House, Pall Mall, London SW1Y 5HX.

Ocean-going merchant fleet falls below 500

By Kevin Brown, Transport Correspondent

THE NUMBER of ocean-going merchant ships on the British register fell below 500 last year for the first time this century, Transport Department figures showed yesterday.

Merchant Fleet Statistics, the department's annual report on the industry, shows that the number of ships over 500 gross tons registered in the UK, Channel Islands and Isle of Man fell by 24 to 482, including 45 foreign-owned ships.

That compares with 3,092 ships in 1950 and a recent peak of 1,682 in 1975, after the average size of ships had been dramatically increased by containerisation.

The statistics tell a similar story in terms of the capacity of ships on the register, which fell from a peak of 31.5m gross tons in 1975 to 6.6m tons at the end of last year.

The number and tonnage of ships owned by British companies, some of which are registered abroad, also continues to fall. Ownership has fallen from 1,614 ships of 33.2m tons in 1975 to 621 ships of 10.6m tons at the end of last year, the report shows.

The figures indicate that the fall in the size of the fleet has not bottomed out as ministers had hoped, although there is some evidence that the rate of decline is slowing.

However, the General Council of British Shipowners said the position had worsened since the end of last year. Its figures show 437 vessels on the British register at the end of June, of which 416 were UK owned. The total number of UK-owned ships had fallen to 601 of 10.2m tons.

The council plans to start campaigning shortly for the reintroduction of subsidies to encourage shipowners to order new ships.

It says the reduction in the number of ships has severe implications for the balance of payments, weakens the UK's bargaining position in international trade and threatens the ability of the merchant fleet to fulfil Britain's obligations to the North Atlantic Treaty Organisation.

The council claims the rate of decline speeded up after the withdrawal of capital investment incentives in the 1984 Budget. It wants Mr Nigel Lawson, the Chancellor, to reintroduce some form of taxation relief.

If nothing is done, the council warns, the fleet will continue to decline. The council's last campaign, in 1987, attracted the support of more than 150 MPs but failed to convince the Chancellor.

Mr John Prescott, the shadow Transport Secretary, said yesterday that a future Labour Government would seek to increase the size of the fleet.

Halifax in switch to cheque books

By David Barchard

HALIFAX, the largest UK building society, launches a cheque book current account for its customers this weekend, reversing its earlier decision to use only electronic methods of money transmission.

The move comes nearly 2½ years after Nationwide Anglia, the second-largest building society, offered the first interest-bearing cheque account. All the main clearing banks pay interest on current accounts and Halifax has bowed to pressure to follow suit.

Mr Dick Spellman, Halifax's general manager for marketing, said yesterday that he did not think the society was entering the market too late. "There is still a big market for this sort of product and we are confident that we will do well in it," he said.

The new account, called Maxim, will be harder to obtain than the interest bearing current accounts launched by the banks. To open one, existing Halifax customers – as well as new ones – will have to pass credit scoring and credit reference tests.

Customers will receive 4 per cent interest on accounts with balances below £100, rising to 6.50 per cent on balances of more than £2,000.

There will also be a £50 cheque guarantee and cash withdrawal card. This will probably be the first UK plastic card issued on a large scale to carry the logo of National Eftpos, the inter-bank electronic shopping payment scheme which started this autumn.

Attack on Tory economics to be centrepiece of Labour conference

By Philip Stephens, Political Editor

THE LABOUR Party signalled yesterday that it plans to make an attack on the Government's economic strategy one of the centrepieces of its annual conference next week in Brighton.

In separate speeches, the party's three senior spokesmen on the economy underlined their confidence that the sharp deterioration in the trade deficit and the threat of another rise in interest rates would underpin Labour's strong lead in the opinion polls.

The economic problems faced by Mr Nigel Lawson, the Chancellor, are also seen as an ideal platform for Labour to confirm next week the new, more market-based, economic strategy adopted in its policy review earlier this year.

The party will face a counter-attack from ministers who will insist next week that Labour's plans for privatised industries would result in the "confiscation" of money due to individual shareholders.

Mr Kenneth Baker, the Conservative Party chairman, is also expected to press his claim that Labour proposals for changes in employment legislation would result in handing back power to militant trade union "bosses."

Mr John Smith, the shadow Chancellor, yesterday highlighted Labour's call for the implementation of a new industrial strategy to repair "the neglect of research and development, of education and training, and of the regions."

He said in a speech in Lanarkshire that another rise in interest rates would be disastrous not only for homeowners but also for industry and exporters.

Mr Bryan Gould, the party's trade and industry spokesman, accused Mr Lawson of creating a "supply-side crisis" in the economy which had led to this year's sharp deterioration in the trade deficit.

Mr Gordon Brown, the party's Treasury spokesman, released new figures which he said showed that this year's rises in mortgage rates had resulted in sharp cuts in the living standards of Britain's home-owners.

Some 2.3m were £80 per month worse off, while another 3.2m were losing more than £50 per month, he said.

The party leadership will aim, during the next few weeks to emphasise the party's commitment to negotiate, rapidly, full membership of the European Monetary System if Labour wins the next election.

EC may bring more charges over water

By John Mason

BRITAIN could face further prosecutions for breaches of EC regulations on water quality, Mr Ken Collins, chairman of the European Parliament's Environment Committee, said yesterday.

Mr Collins, a Labour MEP, said standards of bathing water and some drinking water in the UK were still not being met and the committee was pressing the European Commission to bring further prosecutions.

Drinking water standards involved more than lead and nitrate content – there were other forms of pollution, notably from pesticides, where UK water quality needed to be improved.

Mr Collins said he held regular meetings with Mr Carlo Ripa Di Meana, the Environment Commissioner.

"We can safely assume there will be other prosecutions – they are in the pipeline," he said.

He told a Westminster press conference: "Sometimes it seems only the British Government is being prosecuted. We have nothing against the British Government, it is just that they have defaulted with more enthusiasm than anybody else."

Mr Collins, joined Mr Allan Roberts, Labour's environmental protection spokesman, in calling for the creation of a European Environmental Agency to run a European research programme and to help set new targets to protect the environment.

Docklands leisure plan launched

By David Churchill, Leisure Industries Correspondent

PLANS for a £100m leisure and exhibition complex in the Royal Victoria Docks, were submitted to the London Docklands Development Corporation yesterday by Londondome, a subsidiary of the John Laing construction company.

The project, designed to be completed by the end of 1992, would have a 20,000 seat multi-purpose indoor arena and a exhibition hall of 23,000 sq metres.

Londondome hope the complex would attract about 2.5m visitors a year.

Mr Anthony Nissen, Londondome's chief executive, said the project would be part of the planned regeneration of the Royal Docks and the neighbouring London borough of Newham.

He added: "The exhibition industry estimates that by 1996 London will require at least an additional 76,000 sq metres of space.

"Our exhibition hall will be central, comfortable and convenient – not just for London but for the emerging European market."

It is also planned to stage sporting and cultural events as well as pop concerts.

The complex would be built on the north side of the Royal Victoria Dock, near the British Rail north London line and on the Becton extension to the Docklands Light Railway.

The exhibition and leisure centre would be managed by SMG International, the European affiliate of SMG of the US, which already manages a number of such projects in the US.

Mr Nissen said: "Under SMG's direction hundreds of long-term jobs will be created in areas such as building management, personnel, security, and catering."

Motorists make a cleaner choice

Maurice Samuelson on the growing demand for unleaded petrol

PROSPECTS for a cleaner Britain are looking up, at least in terms of the number of drivers opting for unleaded petrol.

Demand for unleaded has soared since Mr Nigel Lawson, the Chancellor, made it cheaper than regular four-star petrol through tax changes in the last Budget.

Clean air activists might argue that environmental considerations have had more to do with the growing use of unleaded petrol than its price.

The Campaign for Lead Free Air (Clear), which has just ended a week-long campaign, hopes the use of unleaded petrol will rise from the present 24 per cent of petrol sales to more than 50 per cent.

Clear's campaign is part of a wider move towards unleaded petrol involving oil refiners, motor manufacturers, garage owners and the Government.

In March, Mr Lawson made unleaded petrol 10 pence per gallon cheaper than four-star. The differential has since widened to 12p.

At the same time, he created room on the forecourts for unleaded pumps by increasing the taxes on the less used two-star and three-star brands in the hope of reducing their share of the market in favour of unleaded.

In doing so, the Chancellor was following the example of the authorities in West Germany, where 60 per cent of sales are unleaded.

The use of unleaded petrol began to catch on several years ago but until recently it was still being used by only a very small percentage of drivers, in spite of the low cost – rarely more than £15 – of adjusting their vehicles and the offers of some car manufacturers to adapt newly-supplied cars free of charge.

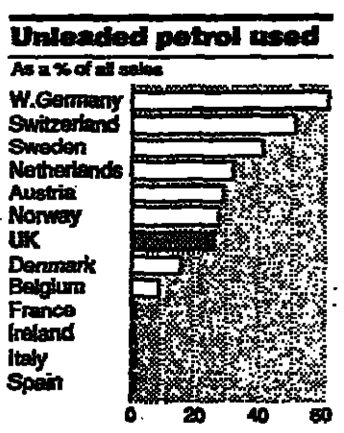
Only this week, the Automobile Association joined the ranks of companies making special offers. It is holding free engine retuning sessions today.

Unleaded petrol, when first introduced by Esso several years ago, cost 4p more than a gallon of regular four-star.

Unleaded sales leapt from 2 or 3 per cent to 13 per cent immediately after the Budget. They have risen to 24 per cent in the seven months since then. The indications are that sales will carry on rising, although more slowly.

According to Shell UK, however, this still leaves Britain seventh in the West European league table of unleaded users, headed by West Germany, with 60 per cent unleaded.

Other countries behind which Britain lags are Switzerland (50 per cent), Sweden (40 per cent), Austria (28 per cent), Holland (31 per cent), and Norway (26 per cent).



At the bottom of the table are Denmark (15 per cent), Belgium (9 per cent), France (8 per cent), and the Irish Republic, Italy and Spain with less than 1 per cent each.

With 75 per cent of British cars now capable of using unleaded petrol with little or minimal adjustment, the greening process is only a matter of time.

In the next six months, however, the process could be complicated by a Government decision on how long garages should be permitted to sell unleaded through blender pumps which also deliver leaded fuel.

The objection to these dual purpose pumps is that they always transmit a residue of lead which can damage the catalytic converters fitted on the engines of a small proportion of cars and which can use only unleaded.

A year ago, the Department of Trade and Industry said that within 12 months all unleaded petrol should be sold through separate pumps.

However, garage owners and oil companies say they may be unable to meet this target because of delays in obtaining the new pumps, tanks and allied electronic equipment.

They want an eight-month extension on the use of blenders. Otherwise, they say, they will lack pump capacity to maintain present sales of unleaded petrol.

On the supply side, oil companies, having upgraded their refineries to extract more light products per barrel of crude oil, envisage no difficulty in meeting any future growth in demand for unleaded petrol.

The main investment was in re-equipping the distribution system and the forecourts. Shell admits to a bill of about £50m. BP Oil talks of "many tens of millions."

EMPLOYMENT

Officers and controllers join ambulance dispute

By Jimmy Burns, Labour Staff

DISRUPTION to Britain's ambulance services looks set to intensify next week after officers and controllers voted by more than 3-1 to join the industrial action over pay.

Results of the ballot, announced yesterday, showed 1,413 in favour of action and 419 against in a turn-out of just over 50 per cent.

Ambulance officers act effectively as line managers. They normally organise ambulance crews and station staffing, although some have been known to cover for absent ambulance workers. Controllers answer 999 emergency calls and help in insuring that cover is efficiently distributed.

The 2,500 officers and 1,000 controllers are due to join the two-week overtime ban by 19,000 ambulance workers which has strained coverage of 999 calls, particularly at weekends.

Union officials say that their intention remains to try and ensure that 999 calls are met within the normal shift working periods of ambulance crews.

However, they warned that yesterday's ballot result will increase the possibility of "unnecessary fatalities and injuries."

Roger Poole: "This is an escalation of the dispute."

Mr Roger Poole, the unions chief negotiator said: "This is a very major escalation of the dispute. Health Secretary Kenneth Clarke has now lost the support of his managers in the ambulance service."

Mr Duncan Nichol, the National Health Chief Executive, said last night that those who had voted in the ballot were poised to take unnecessary action against patients.

Mr Nichol said: "I appeal to our ambulance officers and control assistants to put the service and their patients first, as they have always done in the past . . . instead of stirring up further disruption."

According to Mr Nichol, union leaders have hardened their position after initially recommending acceptance of a 6.5 per cent national pay offer, with an additional 2 per cent for workers in London, submitted through the Whitley Council, the joint union-management negotiating body on pay.

He has offered further negotiations on the recruitment and retention of key workers in the service through additional pay for skilled staff, conditional on the overtime ban being lifted.

Union officials however insist that industrial action has been reluctantly taken because of the Government's "intransigence" in refusing to submit its pay claim to arbitration.

The Government claims 20 per cent of ambulance staff belong to the non-TUC Association of Professional Ambulance Personnel and have refused to join the overtime ban.

● The 31,000-strong Association of University Teachers is to submit a claim for a 27 per cent pay rise for university lecturers. The settlement date is next April.

Post Office postpones Sunday collections

By Jimmy Burns

POST OFFICE has postponed its plans to re-introduce Sunday mail collections next month to allow for further talks with union leaders representing postal workers.

Management was insisting last night that it remained determined to begin Sunday collections in five areas by the end of November even if no agreement is reached with the Union of Communications Workers.

The Post Office said: "As a result of our constructive discussions we hope to introduce Sunday collections in full co-operation with the union. But whatever happens in these discussions, Sunday collections will go ahead within the next two months."

However, it is thought that the decision not to unilaterally re-introduce the Sunday collections at the beginning of October as previous planned follows a compromise agreement reached by both sides during exploratory talks this week.

Under the agreement UCW leaders have suspended any further moves towards the organisation of a ballot on industrial action which left-wing shop stewards have been pressing for.

In return the Post Office has agreed to broaden the agenda of negotiations to include proposed organisational changes in the current Monday-Saturday service.

The UCW has been pressing for the changes to include greater financial resources at local level to allow for increased overtime pay and extra staffing.

Union officials have also been arguing in favour of an additional weekday delivery in big cities to relieve overloading of postbags and sorting offices.

Details of the agreement, endorsed by the UCW's executive on Thursday, have been conveyed to the union's membership in a special circular.

Postponement of the plans for Sunday collections come less than two months after Mr Bill Cockburn, Royal Mail's managing director announced they were going ahead as a key aspect of its efforts to improve customer service.

The UCW is worried that the initiative could lead to the use of casual labour and worsening conditions for existing staff.

Labour 'will limit union immunities'

By Philip Stephens, Political Editor

THE Labour Party yesterday issued a detailed statement of its planned employment legislation in an attempt to counter the charge that it would provide blanket legal immunities for trade unions if it wins the next general election.

The statement says that a Labour government would restrict the legal protections offered to unions to "lawful trades disputes."

In parallel, it aims to meet the concerns of union leaders that judicial procedures are biased in favour of employers by proposing new pre-trial injunction procedures and, possibly, the creation of specialist tribunals or courts to interpret industrial relations law.

The document's publication comes ahead of what is expected to be a difficult debate on employment law at next week's Labour Party conference, with many of the big unions calling for the repeal of much of the present Government's legislation.

It is signed by Mr Michael Meacher, the employment spokesman, and by Mr Eddie Haigh, the assistant general secretary of the TGWU.

However, it was seen at Westminster yesterday as part of a vigorous attempt by Mr Neil Kinnock, the Labour leader, to minimise the party's commitment to a big overhaul of existing legislation. Labour's strategists have identified employment law as an area in which the party remains particularly vulnerable to attacks by the Conservatives.

A Labour spokesman insisted that the latest statement was fully compatible with the policy laid down in the People at Work section of this year's policy review.

It goes significantly further than the policy review, however, in defining the situations in which unions would be subject to punitive action by the courts.

The statement says that unions organising industrial action would continue to have the legal protection, or immunities, they enjoy at present.

Industrial action outside the ambit of a lawful dispute would not enjoy immunity or protection from damages and unions would be subject to normal enforcement procedures by the courts. Unions, however, would not be exposed to total sequestration of their assets.

Graduate recruitment 'to worsen in the 1990s'

By Charles Leadbeater, Labour Editor

SHORTAGES of graduate recruits are likely to worsen significantly in the 1990s, according to a report published yesterday by Warwick University's Institute of Employment Research.

The report says a combination of factors such as the decline in the number of young people, continued technological changes and increased competition from Continental European employers for British graduates is likely to exacerbate current shortages.

Graduate recruitment and employment policies are increasingly likely to be reformed as shortages become more acute. Employers will attempt to redesign jobs so they fully exploit the scarce skills of graduates leaving less demanding tasks to other less qualified workers, the report says.

In addition employers are likely to press for easier substitution between graduates and skilled non-graduates. Pressure to increase the numbers of para-professionals in a range of occupations will mean that barriers to recruitment created by professional institutions will come under increasing scrutiny.

The relative pay differential of male professionals has been maintained since the 1970s, but the rate of return from obtaining a degree has fallen steadily since the 1960s.

The rate of return on a degree – extra earnings graduates can expect from the investment they make in their education – has fallen from 17.5 per cent in 1955 to about 8.5 per cent in the 1980s.

For chemists the rate of return fell from 20 per cent in the 1950s to 9 per cent in 1985, for doctors from 21 per cent to 12.5 per cent while for teachers it fell from 10.5 per cent to 1.5 per cent.

The IER Bulletin, is available by subscription from Publications Office, IER, University of Warwick, Coventry CV4 7AL, annual subscription £10.

Skills shortage 'an obsession'

By Charles Leadbeater

PERSONNEL managers are becoming afflicted with the Mrs Robinson syndrome – an obsession with the recruitment of young graduates and mature women – according to a report published today.

The report, by Incomes Data Services, the pay research group, on the effect of the decline in the number of school leavers on recruitment patterns, casts doubt on the scale of the difficulties employers will face.

The mounting concern about labour and skill shortages in the next decade has arisen from the acute problems faced by a few sectors, such as financial services, the report says.

It says: "The obsession with recruitment is in danger of crowding out the most important issue, how to retain and develop people to work in new ways."

It concludes that many of the solutions employers are adopting such as raising pay rates for graduates and school leavers or improving child care facilities, may create as many problems as the demographic changes which they are attempting to weather.

Most employers have underestimated the extent of the changes they will have to make to working practices, the organisation of working time and their training and education policies, the report says.

About a third of businesses hardly ever recruit school leavers because they need experienced, skilled staff or people able to work shift patterns.

It would be unwise to generalise from the recruitment difficulties faced by large service sector employers, such as retailers, banks and building societies, which employ large numbers of young people.

Much of the concern reflects the poor education that many young people receive rather than the simple decline in their numbers, the report says.

Rather than increasing pay rates for young people it will be more important for employers to improve their education, training and induction programmes, especially if they lower the qualifications they demand of school leavers.

This approach, combined with better career counselling at school, will help employers to retain the young people they recruit, IDS says.

The report also casts doubt on the value of companies improving child care arrangements in an effort to recruit older women. It suggests employers would be wiser to concentrate on retaining and developing the part-time women staff they already employ.

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TRAVEL

Crème de la crème of the ski slopes

Next week sees the publication of Arnold Wilson's book, *Thomas Cook International Top 50 Ski Resorts*. Here, he describes his favourites, from Alta and Aspen to Val d'Isère and Zermatt.

AN OLD friend often asks me what possible pleasure I can get from sliding down a mountain on two planks. For his benefit, and others like him, I would like to try to explain.

On a perfect skiing day, the fierce sun mixes with the chill mountain air and a billion snow crystals sparkle like chandeliers. Your face tingles, your lungs fill with mountain air and some fresh snow, kicked up by the glinting edges of your skis, sprays across your face. A champagne glass of it is inhaled into your lungs, taking your breath away.

Then gravity sends you flying, tumbling and slithering down the mountain. You search for breath, your knees go through the pain barrier and suddenly you are cruising and gliding as gravity becomes your friend rather than your foe: your secret fuel, your passport to skiing ecstasy.

It is a dizzying cocktail, skiing. For preference it needs a special canvass of huge mountains, awe-inspiring scenery and an altered state of consciousness to achieve full effect. Some ski resorts produce it. Others do not. Here are my favourites, in alphabetical order.

ALTA, Utah

Those who make the annual pilgrimage to Utah's Wasatch mountains are not exactly following in the footsteps of the Mormons, but they are convinced that they have found paradise near the Great Salt Lake. For them, these slopes are like shrines. Alta's most dedicated enthusiasts find the skiing almost a religious experience. The snow falls with a munificence unequalled almost anywhere.

Like many US resorts, it rose from the ashes of the mining industry. In the 1920s a huge snowslide came churning down the mountainside and wiped out the entire village, including the saloons that were a favourite haunt of gunfighters. It symbolised the end of the mining era and the beginning of the skiing age. Every weekend people were flocking in from Salt Lake City to hike doggedly up the mountains and come hurtling down on skis.

In 1938 Alta's first chairlift creaked its way up Collins Gulch, opening up some of the finest skiing in the US. Baldy Chutes, with their narrow, breathtaking drops, are a delight. High Rustler – long, steep and mogully – is superb, especially in dry, chest-high powder. Spiny Ridge has some excellent long chutes such as Sidewinder and Glory Hole. In spite of such exciting skiing, Alta offers one of the cheapest lift passes in America: around $25.

ARGENTIERE, France

Take a cliff or two from Jackson Hole, a generous slice of La Grave and a large measure of Val d'Isère; add several feet of powder and some large chunks of ice and you have Argentiere, the skiers' ski resort. It is the fabulous and unusually challenging off-piste skiing that attracts the *cognoscenti*. The scenery is remarkable.

ASPEN, Colorado

The most sophisticated and trendy ski resort in the US. Some women actually ski in fur jackets. Twinkling with Victorian street lamps and all-winter-round Christmas tree lights, Aspen has scores of restaurants scattered around its cobbled sidewalks and pedestrian malls.

Aspen Mountain has a reputation for being tough, with no skiing terrain for beginners. Five double black diamond runs (blacker than black) peel off like Red Arrow smoke trails at the edges of the International Trail: Bear Paw, Zaugg Dump, Perry's Prowl, Last Dollar and Short Snort. They look innocent enough, but the double diamond signs flash a message to your brain like a skull and crossbones. However, there are plenty of wonderful sweeping runs on the beaten track for gentler skiers, like Ruthie's and Copper Bowl.

HEAVENLY VALLEY, California/Nevada

The name is far from being a misnomer. The more heavenly looking side is in California, where Tahoe, the world's most beautiful alpine lake, stretches out before you. On the Nevada side, the scenery is almost as spectacular but totally different. It is more like an impression of hell – the seemingly endless, hazy, bakingly hot Nevada desert. As you ski down the Skyline trail with your friendly Heavenly Hostess, you hardly know whether to look towards the lake or the desert (or the hostess). This dramatic choice of scenery means that you tend not to look where you are skiing.

Cal-Neva Lodge is divided by the state line – gambling is legal in one part of the building and illegal in the other. Gambling tables and fruit machines abound right up to the border, which neatly bisects the fireplace. Unimportant facilities such as the hotel lobby have been carefully exiled to California.

JACKSON HOLE, Wyoming

The stark and stunningly beautiful peaks of the Grand, Upper and Middle Tetons jut skywards like giant sharks' teeth. With their peaks shimmering in the powerful Wyoming sun, they form with Mounts Owen, Teewinot and Nez Perce Peak the Cathedral Group, as mystical a spot as one could encounter.

There are no foothills to reduce the impact – only the 60 mile-long valley floor, or "hole" through the Rockies, which stretches 18 miles across to the Gros Ventre (Fat Stomach) mountains.

For thousands of years the valley was hidden. Then the Indians came: Snake, Crow and Blackfoot, followed by trappers and mountain men. One of them, Davy Jackson, gave the valley its name.

The trails are swashbuckling, breathtaking, rugged. Rendezvous Mountain is riddled with rocky gullies, steep tree-lined chutes and wide-open, ungroomed descents like the Hobacks that seem to hang in mid-air above Teton Village way below. The most celebrated sparkler in Jackson's crown is Corbet's Couloir. To conquer it, one must leap from an overhanging cornice and land in the chute 15ft below. But there are plenty of other chutes which do not involve quite such dedication.

KITZBUHEL, Austria

Height it may not have, but Kitzbuhel has just about everything else going for it, including the dreaded Streif descent of the Hahnenkamm, a stomach-churningly fearsome downhill classic. The racers whistle like bullets as they cut through the air. Elsewhere the area beneath the Steinbergkogel is among the most challenging. Although much of the skiing is a little on the tame side, the Kitzbuhel experience is unique.

Its medieval walled and cobbled streets, clustered gabled houses, arches and buildings with colour-washed facades are a delight. And so are its tea rooms and coffee shops. Just think of all those gooey cakes waiting for you at the end of a day in Austria's most famous ski resort.

Aspen, Colorado: still amusing the rich and famous on and off the piste

LA GRAVE, France

La Grave is breathtaking, wild and unique – an old climbing village which skiers have infiltrated. From the spectacularly beautiful Col de Lautaret, you crane your neck almost vertically and towering above you is a huge mountain range. A microscopic collection of bubble-lifts strung together like beads can be spotted climbing into the heavens. It looks impossibly steep and there seems to be an ocean of sky between those tiny pin-prick gondolas and the ground.

They transport you into a chillingly beautiful glacial paradise which falls steeply away from the mighty Meije (13,123ft). The slopes are gruelling and relentless rather than severe, and totally ungroomed. Huge glaciers and moraine fields make you feel like an Alpine Tom Thumb. Without a guide, you would not only be unsafe – you would also feel very much alone in a powerful, beautiful but almost alien world.

St ANTON, Austria

St Anton towers peak and shoulders above the rest of Austria's resorts. On your first visit – or even second and third – the extent of the skiing is bewildering. Although the town is almost the antithesis of the conventional concept of the Austrian ski village – a rather boisterous, cosmopolitan town – the skiing is excellent.

The pivotal mountain is the famous Valluga from which red runs – plus a few fierce blacks – fan out in all directions. An alternative route is the extraordinary Arlen Sattel chairlift up the Schindlerspitze. As you arrive, dangling in space among jagged mountain tops, a truly remarkable panorama unfolds.

It is possible for skiers with a guide to continue to the very top of the Vallugagrat in a tiny yellow cablecar and ski an extreme run down to Zurs through some excellent powder fields. St Anton's tiny satellite, St Christoph – a handful of buildings cocooned in deep snow like a plate of profiteroles – has a fairy-tale quality not found anywhere else in Austria.

St MORITZ, Switzerland

The most famous skiing resort in the world conjures up images of racehorse hooves pounding across the frozen lake, men of steel hurling themselves down the infamous Cresta run and elegant, lavishly scented and fur-coated women and their escorts savouring a meal at the celebrity-packed Palace Hotel.

Many people think that the best of the six skiing areas is Corvatch, but I prefer Lagalb and Diavolezza, both near the picturesque village of Pontresina. Lagalb has one of the most testing black runs in Europe. Ten descents are said to be the equivalent of Everest, but I was exhausted after four. Diavolezza is one of the most beautiful glaciers in Europe, culminating in a breathtaking descent to Morteratsch.

SUN VALLEY, Idaho

Officially the oldest ski resort in the US, it was built in 1936 by Averell Harriman, chairman of the United Pacific Railroad, to promote more winter business. The new Tyrol they created bore closer resemblance to Hollywood's concept of it than reality. There were even reindeer sleighs. If there were no reindeer in the Tyrol, who cared?

Continued opposite

Motoring

Toyota's watershed

LAST WEEK, I drove the same car on a German autobahn, a Belgian autoroute, a US freeway and a selection of European country roads. A bid for an entry in the Guinness Book of Records? Or a demonstration of the scope of air freighting, world-wide?

No. It all happened on Japan's north island of Hokkaido where, at Shibetsu in the central region, Toyota has built what it likes to call Little Europe. It does not exaggerate.

The Shibetsu proving ground covers more than 1,000 acres (500 ha) of what looks a bit like Germany's Black Forest. It cost well over £100m and contains exact replicas of every kind of terrain over which Toyota cars will be driven.

And I mean "exact." Sections of autoroute, autobahn, freeway and ill-maintained minor roads from all over Europe were photographed, measured and had their surface materials analysed. They were then recreated on 26 kilometres of test circuits. To complete the illusion, a truck-load of roadside marker posts was imported from Germany.

I was there to see manufactured – and then to drive – the Lexus, Toyota's four-litre, V8-engined luxury saloon. And the Shibetsu proving ground, plus the state-of-the-art production plant two hours' flying time away at Tahara, near Nagoya, are proof of Toyota's determination to do two things.

First, in the short term it aims to beat the Europeans at their own game by making a car fit for their senior managers to travel in and which appeals also to US buyers as an alternative to BMW, Mercedes-Benz and Jaguar. Second, it intends to replace General Motors as the world's largest car-maker, probably by the end of the century.

The Lexus production line has been automated as far as possible. Toyota says that only a robot, which never quarrels with a wife or has a hangover, can sustain top luxury car quality standards when you are making 50,000 of them a year.

At the moment, the Lexus is coming down the same assembly line as other posh Toyotas like the Supra three-litre sports car and the Soarer, a smart and quick two-litre coupe sold only in Japan. But a new all-Lexus plant is now going up alongside and will be in production late next year.

As the Lexus rolls off the line, it is separated from the other models and every one is checked in a way that has to be seen to be believed. It starts with cotton-gloved inpectors feeling it all over for the tiniest imperfection.

Then it is put on a rig which shakes it so hard that, were a driver on board, his dental fillings might fall out. Next, another rig spins the front wheels up to motorway speeds while electronic systems search for out-of-balance forces too slight for even a skilled human tester to detect.

The robot-assembled engine has already been run up and given a once-over by a microphone (robot-held, of course) that checks all parts – even each of the four valves per cylinder – for excess noise. There is a high-pressure water test and the working of the driver-protecting airbag (an optional extra) is checked before a final overall inspection, after which the Lexus is signed-off.

I had sampled the Lexus very briefly in Germany (this column, August 19) and I knew how sepulchrally quiet and civilised it was on the autobahn or when riding over city cobblestones and tram tracks. But you cannot assess how a car behaves *in extremis* on public roads.

At Shibetsu, I lapped the outer lane of the high-speed track. On the straights I hit 145 mph (233 kmh), slowing only to the required 137 mph (220 kmh) on the 45-degree banked turns in deference to the tyres. All the while, I was enjoying Vivaldi on the compact disc player.

Less exciting, but even more enlightening, was the unruffled way it coped at 85-95 mph (137-153 kmh) with sections having raised expansion joints, tyre noise-exciting coarse chippings, and sunken or ridged repairs.

The Lexus (left) and its rivals: a Mercedes 420SE, a BMW 7-Series and a Jaguar XJ6. But its impact could be felt first by cars like the Ford Scorpio, Vauxhall (Opel) Senator and Volvo 760.

The hard-driven Lexus behaved impeccably on every kind of curve, camber and surface you might find on, say, a minor road journey from Calais to Bordeaux, Aachen to Nuremburg, Tunbridge Wells to Winchester.

Finally, I drove some laps of the high-speed handling track, with everything from very fast (though subtly-curving) downgrades to slow hairpins. Again, the overwhelming impression was of a large and urbane car with such reserves of handling and road-holding that only a fool or a knave could get it into trouble. Even then, he would have to work fairly hard at it.

How does the Lexus compare with the cars from which Toyota aims to steal business? I tried a BMW 735i, Mercedes *420SE and Jaguar XJ6* 3.6-litre around the main circuit with its banked corners and varied surfaces. And I have to say that as an all-rounder, and taking into consideration its probable price (a reputed £30,000 in Britain) as well as performance, refinement, interior and equipment, I rated the Lexus the best of the lot.

The BMW 735i came very close indeed to matching it in most respects. The Mercedes was a less vigorous performer and noisier on surfaces that make tyres roar and thump. The Jaguar was the least impressive.

This was, of course, hardly unexpected. The BMW 7-Series is the most up-to-date European car of its class. The Mercedes 420SE is a veteran and, with the other S-Class models, due to be replaced within the year. And the 3.6 Jaguar was not only obsolete but showed signs of having been taken apart and rebuilt.

Having said that, the Lexus is a car that can hold up its *head in such exalted company* knowing that, objectively, it is as good as – indeed, in some respects better than – any of them. But a BMW/Mercedes/Jaguar type of reputation is years in the making.

It will, I suspect, be well into the '90s before a Lexus badge (there is no mention of Toyota on the car) commands equal status and respect to one with blue-and-white quarters, a three-pointed star or a leaping big cat.

Initially, I see the main Lexus threat in Europe a little down-market of BMW, Mercedes and Jaguar. It will be a seductive alternative for users of cars like the Ford Scorpio, Vauxhall (Opel) Senator, Saab 9000SE and Volvo 760 whose finance directors and tax advisers allow them to trade up.

The Lexus will cost a few thousand pounds more but, in every other respect, is a superior product. It marks a watershed in motor industry affairs.

In years to come, Europe's up-market and luxury car-makers may well liken its introduction to the invention of the cannon that reduced their once-impregnable castles to rubble.

Stuart Marshall

Chess

PLAY STARTS in London on Monday in the world championship semi-final matches. The total prize fund will be more than £140,000 but the real achievement for the winner will be his right to challenge Gary Kasparov for the title late in 1990. The matches at the Sadler's Wells theatre, each the best of eight games, are sponsored by Pilkington Glass.

Those involved are Jonathan Speelman (Britain) v. Jan Timman (Netherlands), and Anatoly Karpov (USSR) v. Artur Yusupov (USSR). If a match ends 4-4, then two extra games wil be played. If the score is then 5-5, the match will be settled by a series of quick-play games at progressively *faster* time limits, and completed in one day according to International Chess Federation (FIDE) rules.

Playing sessions begin at 4pm, with adjournments after six hours and a minimum of 60 moves. Advance tickets are available only for the first eight scheduled *full sessions*: October 2, 3, 5, 7, 8, 10, 12, and 14. The *Sadler's Wells ticket* office (tel. 01-278-8916) can supply full details.

Karpov, 38, is favoured strongly to defeat Yusupov, 29, and go the whole way to yet another world title match (*their fifth*) against Kasparov.

The former champion's success is based partly on his remarkable in-built *sense for* position. A typical game pattern is a quiet opening, then gradual control of more space while the rival forces are pushed back and restricted.

Next comes a phase of probing for weaknesses, and finally a decisive infiltration to gain material or over-run the enemy king. *It is often very hard to* spot where the opponent has gone wrong.

The other, and in some ways surprising, facet of Karpov is his extraordinary will to succeed. He has won more than 60 major tournaments and matches, an all-time record relative to the length of his career, while Kasparov is the only leading grandmaster to have a plus score against him.

World champions Alekhine, *Fischer and Kasparov have all* possessed charismatic and dominant personalities at the board which over-awed many opponents. Karpov, slightly-built and quiet of movement, just sits there poker-faced, weaving his spiderish patterns round the opposing pieces.

Yusupov, thick-set and shaggy-bearded, looks an archetypal Russian. Four years ago, he had a winning position in what was effectively the same semi-final stage as now, and blew it. At that time, he was third in the world rankings; now he is down to 15 and has been in subdued form for some months. One suspects he could have been psyched-out already by the wily Karpov.

In all the preliminary haggling over venues, *dates and* schedules Yusupov has always seemed the last of the semi-finalists to be consulted. He is a strong grandmaster and a fine strategist, but if he wins the match it will be the chess upset of the year.

The other encounter is an intriguing contrast. Timman, 37, has been the most consistently successful player outside the USSR for a decade but has seemed to falter under the *extreme pressure of world title* competition. In 1979, he just missed qualifying from the inter-zonals; in 1975-76, he was crushed by Yusupov in their match.

This year, Timman has timed his build-up to peak form carefully, even declining to play for Holland in the 1988 olympics. At Rotterdam, he won the World Cup tournament ahead of Karpov.

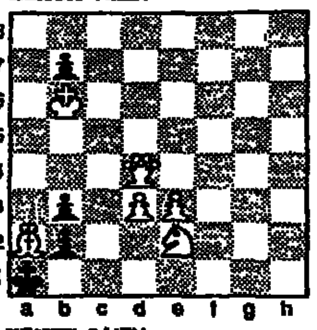
Speelman, 32, three times the British champion, is a strong grandmaster with an original, creative style, but his all-round record does not compare with Timman's. His forte has been *match chess and, in particular*, the present title series.

He was the underdog against both Yasser Seirawan (US) and Nigel Short, but beat them both without losing a game. *His skill was to create obscure* situations with both sides under time pressure, where Speelman proved a fast and accurate calculator. He kept his nerve far better and scored crushing victories.

Can he win against the experienced Timman? Reason says no. The matches are eight games rather than the brief six of the earlier series while Speelman's recent form has been patchy. Timman knows what to expect and will avoid the errors of Short and Seirawan.

But Speelman is also on home territory and will gain support from an eager public.

BLACK 4 MEN



WHITE 6 MEN

PROBLEM No. 792

White mates in three moves at latest against any defence (by G. Dobbs). White's defensive resources are limited to Kxa2 and bxa2, but this can be a hard puzzle to crack and most solvers have to set up a board and men for the answer. Black, playing southwards, is close to pawn promotion which *might check the white king*.

Solution: Section II, Page XIX

Leonard Barden

Continued from Page 6

The resort started paying for Ernest Hemingway's holidays there in return for using his name to promote it. He only skied there once. America's first chair lift was invented by an engineer who copied a ship's fruit loading-device. He decided that skiers were intrinsically no different from bananas. Today, modern high-speed quads are taking over. When there is fresh snow, the locals make for the bowls. Such swooping descents as Lookout, Little Easter and Mayday receive the immediate attention of the experts while intermediates head for Siggi's or Far Out.

TAOS, New Mexico

A lone, high beacon in the wilds of Carson National Forest, surrounded by the spectacular Sangre de Cristo peaks, Taos is a spiritual and physical Shangri La to cult skiers. It is sometimes said that Texans arriving at the mock alpine village take one awe-inspired look at Al's Run and with tyres screeching perform a U-turn and hastily depart for home. Taos has slopes for every standard, but you can't see them from the parking lot, which is why the late Ernie Blake, who started the resort, erected a sign saying: "Don't panic."

Like Al's, other "ego busters" like Snakedance, Longhorn and Inferno are never groomed. Experts head straight for double diamond chutes such as Thunderbird, Oster, Fabian or Stauffenberg. To reach many of the chutes you need to climb for some 20 minutes. Those sufficiently energetic can walk to Kachina Peak if it is open. But all "out of bounds" skiers must report to the ski patrol before noon.

TELLURIDE, Colorado

Like the best (but not biggest) of the gold nuggets that used to be dug from its once busy mining areas, Telluride is waiting to be discovered. It is a smaller but sometimes steeper version of Jackson Hole, hidden away at the end of an 18-mile box canyon and dominated by spectacular 14,000ft peaks. The impact is unmatched by any other Colorado resort. Runs such as True, The Plunge (reputedly the longest and steepest in Colorado) and Spiral Stairs would test any skier. Gorrono and Sunshine are less severe faces and popular with intermediates.

VAIL, Colorado

This ersatz Austrian village has been given a tremendously unfair advantage – its natural bowls. It is as if some almighty force during the creation of the Americas was dispensing a bowl each to skiing areas but dropped a whole stack (2,500 acres' worth) on one Colorado mountain like a clumsy waiter.

Now that China and Siberia Bowls have been put on the trail map, Vail's official ski terrain has more than doubled – an extraordinary development considering that Vail was already America's largest single mountain resort. Its runs are tremendously varied, flawlessly organised and beautifully groomed. Probably it comes closest to being the world's most perfect all-round ski resort.

St Christoph, a tiny gem of a resort, sits snugly in the snow

VAL d'ISERE/TIGNES, France

All the superlatives apply. Within a 10km area there are 35 peaks between 9,800 and 12,000ft. The villages may lack charm but on the slopes there is an embarrassment of riches. Although the so-called "Espace Killy" is a paradise for experts, with whole *departements* of superb and scenic off piste, there is also an incredible wealth of comparatively easy skiing above the tree line.

As a result, fit intermediate skiers can cover extraordinary distances without fully realising it until they look at their lift maps in some amazement over dinner. There are perfectly good beginner slopes, but in a way sending a beginner here is like sending a child with a bucket and spade to explore the Sahara.

ZERMATT, Switzerland

Twenty-nine of Switzerland's 4,000m-plus mountains jostle almost shoulder to shoulder around this famous resort. The skiing is divided into three main areas and the permutations are almost endless. Triftji, an exhilarating and tough run from the top of the Stockhorn cable car, is a huge favourite with toughened mogul skiers; it is great in powder, too, but alarming to gentler souls. Other good blacks include the National, Chamois and Marmotte.

Not far from the base of the Matterhorn is the Schwarzsee area where some of Zermatt's other challenging runs, such as Aroleid and Tiefbach, can be found. In between Schwarzsee and the Kleine Matterhorn (the top of Europe's highest cable car) is the Theodulpass and Testa Grigia – *fairly easy skiing* and a point of entry across the border to the Italian resort of Cervinia. Zermatt is famous for its mountain restaurants.

■ The *Thomas Cook International Top 50 Ski Resorts* by Arnold Wilson is published by Webb & Bower/Michael Joseph on October 5, price £15.95.

User-friendly Vancouver

Keith Wheatley visits a wealthy corner of British Columbia

THE STEAM whistle of the Royal Hudson reverberated among the granite-walled fjords. Below the train, sometimes a vertiginous 100ft below, lay the deep green waters of Puget Sound. At other times the track came down to the water's edge and it was easy to glimpse through the picture windows great rafts of pine logs being shepherded by tugs down to the pulp mills.

Behind the massive 4-6-4 locomotive, its boiler fired by bunker oil rather than coal, trundled 14 plum-coloured coaches dating from the 1940s, the heyday of Canadian Pacific Railways. From the overhead loudspeakers drifted the plaintive clarinet of Artie Shaw, a perfect counterpoint to the long melancholy hoot of the engine as we hugged the cliff-face above the island-studded sea.

Each day the Royal Hudson makes the 40-mile journey north through British Columbia from Vancouver to the logging town of Squamish. Most of the train's passengers are now tourists but Squamish (population 1,100) remains a resolutely blue-collar forest town immune to even the modest sophistication of Vancouver. The Chieftain Hotel, at the corner of Main Street and Victoria, has the choice of two signposted entrances: Gentleman, or Ladies & Escorts.

Otto, the Ukrainian bar-tender, laughs off the signs as "just old history." Maybe. Yet *this is a serious, hard-drinking* bar for men who spend their lives felling big timber. A massive young lumberjack drains his beer and refuses a game of pool, instead taking a laughing working girl off in the direction of the motel units behind the bar. At least they were, in 1989, able to use the same exit.

The day trip to Squamish draws steam train enthusiasts from all over North America. But not the least of its charms is that one makes the return journey by ferry. For three hours the little ship *Brittannia*, threads through narrow fjords, before entering the wide 15-mile strait between the city and Vancouver Island.

Brittannia enters Vancouver harbour beneath the spectacular Lion's Gate Bridge. It was built in 1938 by British property developers who needed to link the downtown area with the suburban plots they owned in North and West Vancouver. The latter is now the wealthiest suburb, measured by per capita income, anywhere in Canada.

One would not doubt it. The houses, understated but comfortable, enjoy a location that compares with Sydney Harbour or San Francisco. They cling to the wooded hillsides looking south to the office towers of the city centre. Behind them are snow-dusted mountains rising to more than 4,000 ft. World-class skiing at Whistler Mountain is only just over an hour from the sailing paradise of the Royal Vancouver Yacht Club.

This rare accessibility to the great outdoors makes Vancouver a gem among cities. It is small. You can walk across the central business district in 10 minutes. For the most part its buildings are undistinguished. But down almost every street a glimpse of the harbour compensates for drab architecture.

An honourable exception is the Art Deco splendour of the Hotel Vancouver. In mid-summer 1989 the hotel celebrated its half-century. Brilliantly, the management staged an amnesty for staff and former guests. "Lend us everything your Mom and Dad pinched!" read the posters. Memorabilia rolled in, from solid silver coffee jugs to menus for the Prince of Wales' visit. The lobby exhibition was informal and stunning.

This is Vancouver at its best: off-beat and gently non-conformist in comparison with eastern Canada. The city probably has more in common with southern California than the stilted, Calvinist societies of Ottowa and Toronto. A great many movies and TV series are now filmed in Vancouver.

Vancouver's streetscape seldom rises above solid provincial, but the continual glimpses of the backdrop beyond redeem almost everything. At Canada Place, a startling galleon of a building that was the national pavilion during Expo 86, cruise ships berth hard by bank towers. This immediate area goes by the name of Gastown and has the somewhat self-conscious chic of Covent Garden.

The district's name comes not via the provision of a mundane public utility but from Jack Deighton, a saloon-keeper who opened for business in 1867. The loquacious Deighton quickly earned the nickname Gassy Jack. Sailors down the entire west coast of the continent would make plans to meet at "Gassy's." His statue stands at Maple Tree Square, not far from the world's only steam clock.

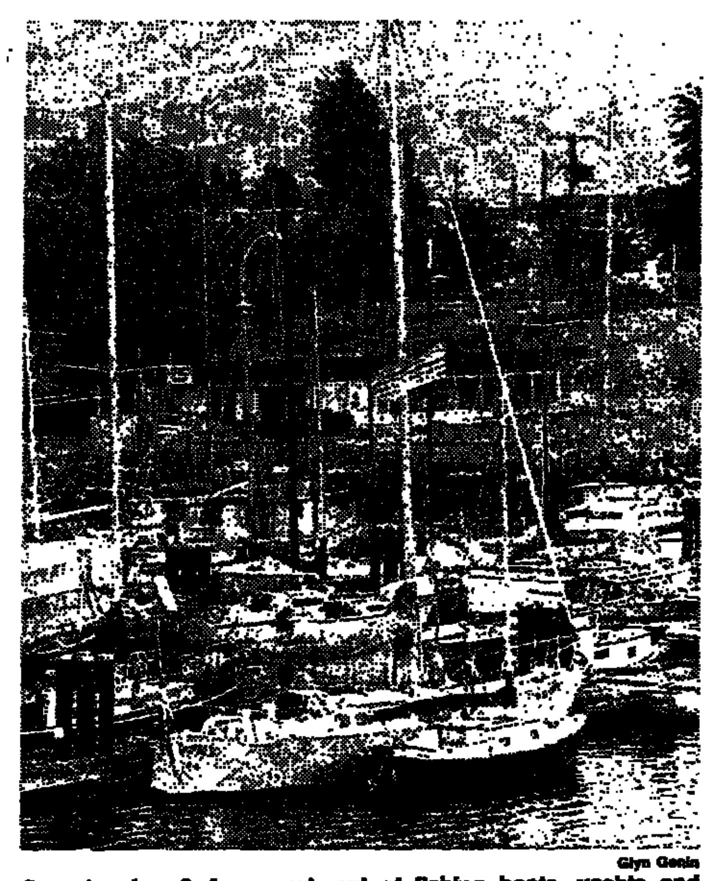
This amazing contrivance rises 16 ft. above the cobbled pavement, weighs over three tons and has a steam whistle that blasts out its own version of the chimes of Big Ben. Gastown has some pleasant bars and restaurants but is expensive and more than somewhat self-conscious.

Much better for the adventurous is Granville Island. There can scarcely be an item of fresh food in the world not obtainable here. The Kid's Only Market is devoted to those under 14, with over a score of shops selling everything from games to clothes. The Water Park has amiable fire hydrants. Parents beware.

Every Vancouverite will urge you to take the 90-minute ferry ride across the Georgia Strait to visit Vancouver Island, site of the provincial capital Victoria. The ferries are as large, and charmless, as the Staten Island monsters that ply New York harbour.

However, Victoria has a shy, English grace. It is a town full of politicians and that means restaurants. Sea food in British Columbia is practically a religion. Six kinds of oysters, a tank of pink-fresh crustacea and an endless list of broiled and poached fish are commonplace at even modest establishments. Prices are generous by London standards. At Joe Fortes, one of Vancouver's spiffiest fishjoints, three of us ate two sublime courses and drank crisp chardonnay for under £50.

One leaves few cities in North America with anything other than a sigh of relief and involuntary amnesia as soon as the plane takes off. It would be a perverse visitor will felt that way about the spectacular and user-friendly Vancouver.

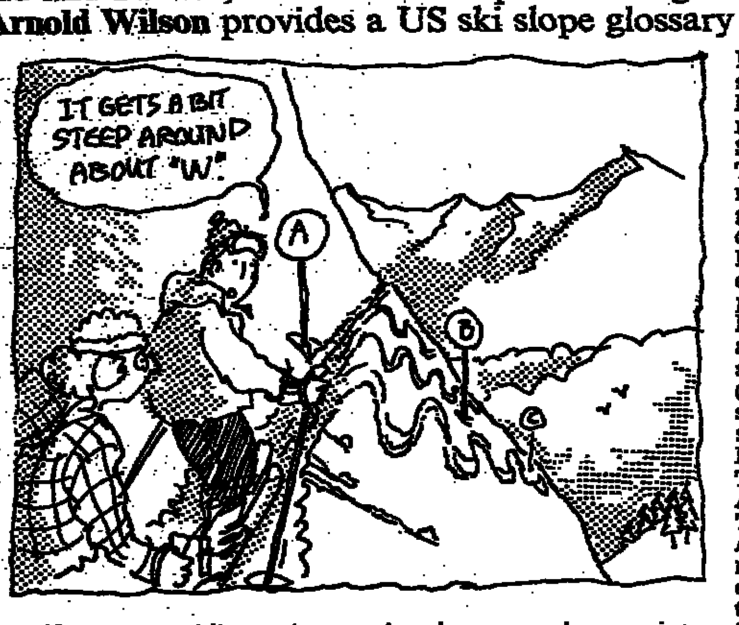


Glyn Genin

Care to share? An assortment of fishing boats, yachts and other craft do just that in the harbour at Vancouver Island

An A to Z of US skispeak

This winter a record number of British skiers will be visiting the US. Like Austria, Switzerland and France, America has a quaint skiing language of its own. Arnold Wilson provides a US ski slope glossary



A is for Air:
As in "Bag air, man!" It means taking off on your skis as you unweight and getting as much height as possible. Advanced skiers do this in order to be admired by average skiers. Try it in Alta and Aspen. A is also for Awesome!, a descriptive word applying to skiing and scenery now used in all American ski resorts, but originating in California. Almost interchangeable with its more recent equivalent, Radical!

B is for Bowls:
Huge bowl-shaped areas of snow found much more frequently in the Rockies than in Europe. They are left ungroomed so that keen skiers can power their way into powder, loose snow or what have you without having everything groomed for them. The Americans are big bowl skiers. Vail, Colorado, has the *best in the US* and probably in the world: Sun Up, Sun Down, Teacup, Mongolia, China, Siberia and Game Creek are their names. B is also for bugaboos, one of the exotic areas in Alberta and British Columbia where heli skiers practise their art. It is also for Broadmoor, a ski resort in *Colorado; and for boilerplate:* New England snow at its worst.

C is for Chutes:
They're a little like European couloirs (steep, narrow gorges on the mountainside). But because the tree line in America goes so high – up to around 10,000ft instead of the 7,000ft usual in Europe – chutes frequently have trees in them which prevent you *turning at will. Chutes* tend to be swathes through the trees rather than gullies *through* the rocks, but the technique required is similar. C is also for Condominiums, *or condos:* luxury apartments that make their French equivalents look like rabbit hutches. Crazy glue is mid-west snow at its worst.

D is for Double Diamond
Extra *difficult* black runs, although in practice no worse than a stiffish French black.

E is for Ego snow
This is such good, light, forgiving snow that you suddenly feel that you're skiing like an expert.

F is for Funky:
Word denoting interesting descent (less dramatic than Awesome! or Radical!) Not to be confused with funk (fear, panic and loathing at top of steep chute.)

G is for Gorilla Snow and the Greatest snow on Earth
According to the American writer Peter Oliver, Gorilla Snow happens when "the warmth of the sun has worked the snow into a thick puree." This, of course, rarely happens in Utah, where they officially claim in their vacation literature to have the Greatest snow on Earth.

H is for Hostesses
Americans pride themselves on their ski hosts and hostesses, who get a free lift pass but usually no money for showing special guests around a resort. In Heavenly Valley, California, they have the delightfully quaint title of Heavenly Hostesses.

I is for Interconnect
Possibly the closest the Americans have to the haute route, an exciting "out of bounds" tour of five Utah resorts: Park City, Brighton, Solitude, Alta and Snowbird.

J is for Jackson Hole
This superb resort in Wyoming is arguably the best in the US for dramatic skiing and scenery.

K is for Kinda it!
American expression meaning the best (kind of it!). Used to describe helicopter skiing in British Columbia and Alberta.

L is for Lift Line
American for lift queue. Totally different from European concept since lift lines are agreeable, civilised *and marshalled by lift line* attendants, so there is no melee as skiers trample over you and your skis as they do in Europe.

M is for lots of North American ski resorts beginning with Mount, Mountain or Mont

N is for NASTAR
National Standard Race: similar to Austrian WISBI (Wie Schnell bin ich? How fast am I?) timed races for punters, except in NASTAR you race two at a time

O is for Out of Bounds
All it means is off piste. Many Americans wonder what you're talking about if you use the French version.

P is for Pedal, Pole And Paddle
Herculean Triathlon style event involving three disciplines: mountain biking (pedal), skiing (poles) and canoeing (paddles.) Invented by Harry Baxter, head of marketing at Jackson Hole.

Q is for Quads
As in super quadruple chairlifts, often the high speed detachable version much in favour in resorts such as Breckenridge and Beaver Creek.

R is for Rockies
Rugged! Raw! Rampant! It is *also for red headed stepson:* any embarrassing Achilles heel that you would rather people didn't know about (eg: in Heavenly Valley, missing the last lift back from the Nevada side of the ski resort and having to make a tortuous bus ride back to California).

S is for Smilers and Wavers
The lift line attendants who marshall queues of skiers and get them safely and politely *onto their quad chairs.* In Taos, New Mexico, they sometimes even offer a small portion of pizza if the queues – sorry, lines – get a trifle long. S is also for singles: people skiing alone who are paired off (usually just for the ride) by smilers and wavers after shouting out "Single!" in the *lift line.*

T is for Tram
American word for cablecar. T is also for tree skiing. Unlike Austrian and Swiss resorts, many American resorts encourage skiers to ski in the trees. Steamboat Springs, Colorado, is famous for its tree skiing (among aspens and spruce) in champagne powder. T is also for Taos and Telluride, Colorado, resorts that some aficionados rate as America's best. It is also for trails, which is American for pistes.

V is for Verticals
As in vertical feet, which serious heli skiers collect obsessively. Ski a million verticals in Canadian Mountain Holidays territory in the Bugaboos, Cariboos, etc, and you will be given a free ski suit. Mind you, the skiing itself costs a fortune. V is also *for Vermont,* the home of Stowe and Killington, the biggest resorts in the East. And for Vail, home of the best bowls in America.

W is for Wiglee-Waglees and Whoopsie Doos
Wonderful fun for children skiing at Beaver Creek, Colorado: specially devised roller coaster bumps in an area where adults are discouraged.

X is for Xmas Tree
A delightful black run through the trees at Aspen, Colorado.

Y is for Yellow trails
Some resorts – such *as* Snowbird, Utah – use yellow to denote a resort's most difficult *and dangerous skiing.* You don't need to be a coward to stay away from a yellow *streak on the trail map.*

Z is for Zapped
Which is what you'll be if you're careless on Yellow trails. It is also for Zaugg Dump, one of Aspen's most difficult trails, Flying Z, a trail on Steamboat's Storm Peak, and Zulu Queen, one of Telluride's double black diamonds.

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The week in Washington

WHEN THE finance ministers of the Group of Seven industrial countries surveyed the world last weekend they saw that it was good. The obvious question is whether it is quite as good as they think.

Events have a habit of puncturing bubbles of euphoria, but the satisfaction is at least quite widely shared. The IMF's World Economic Outlook forecast steady growth in the industrial countries, at 3.5 per cent in 1989 decelerating to 2.9 per cent in 1990. Inflation in the industrial countries is expected to fall equally smoothly, from 4.5 per cent in 1989, to 3.9 per cent in 1990.

Not that the report neglected such headaches as the slow pace of external adjustment among the largest industrial countries and the troubles of indebted developing countries. Both of these problems relate to what the Chancellor of the Exchequer argued is the main novelty of the world economy in the 1980s: the free flow of capital. It was the flow of capital towards the US in the early 1980s that left the world with the "problem" of external adjustment and it was the disappearance of capital flows to developing countries in 1982 that triggered the "debt crisis."

Gold standard era

"We have to go back to the era of the classical pre-1914 gold standard," Mr Lawson remarked, "to find an extended period of free capital mobility and so little government intervention. At that time too, there were large and persistent current account surpluses and deficits on the scale of recent years."

The parallel is, indeed, intriguing, but the differences are alarming. Before 1914 no major country covered its current account deficit with short-term borrowing at 14 per cent, as the UK is doing now. The then developing countries did not borrow from commercial banks for terms of five years or less and at variable rates of interest. Borrowers eschewed expropriation, controls on inward direct investment or hyper-inflation. Exchange rates among the world's major countries did not fluctuate and the main creditor country was not protectionist.

It was a world in which Argentina could borrow in London at lower long term rates of interest than West Germany today from its own citizens. While much can, indeed, be learned from the world before 1914, it can be learned only by those who never forget the differences.

That experience does at least teach us that exports of capital can be a virtue. It is not unreasonable to ask Japan or West Germany to try to keep domestic demand growing in line with the potential. It is completely unreasonable, however, to go on insisting (as was done yet again in the G7 communiqué) that their surpluses should be eliminated. The problem is not the surpluses, but where they are going. It is a scandal that the Federal Government of the US continues to hog so large a share of the world's surplus savings.

Keynesian legacy

As Mr Lawson remarked, "one Keynesian legacy has been a preoccupation with an incipient shortage of demand whereas it is an incipient shortage of capital that is emerging as the real problem." The World Economic Outlook points out that since 1981 national savings rates in the industrial countries have been running 4 percentage points lower than before the first oil shock. This is not a world in which Japan or West Germany should be asked to save less.

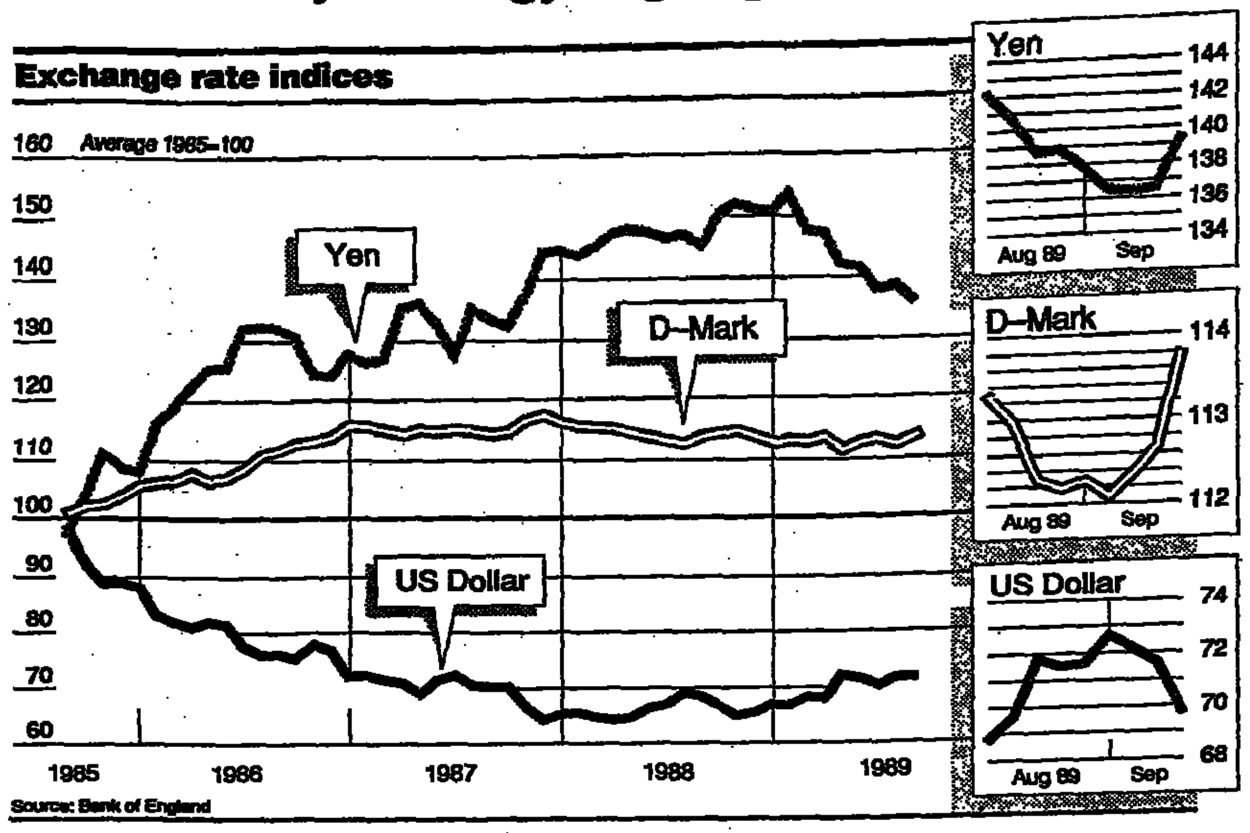
It is only if the demand from the US for capital from abroad diminishes that developing countries can hope to be recipients of large inflows again. In the meantime, the mistakes of the 1970s – in which both the governments of the main industrial countries and the international agencies were deeply implicated – need at last to be resolved. This will not be done by telling the commercial banks to throw good new money after bad old money. It will be done by encouraging them to write down the outstanding debt, instead.

With this accomplished, the IMF can be relieved of its ambiguous role as simultaneously debt collector and certifier of the economic soundness of indebted countries. In the process, the IMF has lost both credibility with the commercial banks and authority with the indebted countries. Worst of all, the policies that indebted developing countries must adopt in their own interest are seen as being foist upon them by a brutal IMF in the interests of the commercial banks.

Whether the IMF would then have any justification for the controversial quota increase is questionable. It is not inconceivable, however. Capital flows have become quite as important as the Chancellor says, but they may prove as skittish as the critics fear. Without all the features of the pre-1914 world, the IMF may still be needed to pick up the pieces left behind by the private flows. It is a worrying thought, but perhaps even the US itself will need that assistance some time in the 1990s.

The battle to tame the dollar

Peter Norman looks at differences in monetary strategy highlighted this week



For the past few days, the world has been able to ponder one of the mysteries of its economic management.

At the annual jamboree of the International Monetary Fund and World Bank, finance ministers and central bankers have been extolling market-oriented economic policies as the prerequisite for a new era of growth and prosperity. Simultaneously, however, the world's big central banks have been busily interfering with what must be the world's biggest and most liquid market: that for foreign exchange which, in London alone, has a turnover of $190bn a day.

The jury is still out on the latest attempt by the Group of Seven big industrial countries – the US, Japan, West Germany, France, Britain, Canada and Italy – to tame the dollar. After a week of continued central bank intervention it closed in London last night down 7.8 pfennigs and 6 yen compared with DM 1.9495 and Y 145.60 the previous Friday.

In Britain, matters have been complicated by a mini-sterling crisis following August's disappointingly large £2bn current account deficit. Sterling's plight has forced the Bank of England into some exotic intervention procedures including the first sales of European Currency Units for pounds.

But although the dollar is down it is not "out." As the week wore on it displayed considerable resilience against the central bank onslaught.

On a strict interpretation of the G7 communiqué, the week's events have been a success for the central banks. The seven "agreed that a rise of the dollar above current levels or an excessive decline could adversely affect prospects for the world economy." They have succeeded in putting a cap on the dollar's rise.

But suggestions from, among others, Mr Satoshi Sumita, the veteran governor of Japan's central bank, that last weekend's accord was as meaningful as the September 1985 Plaza agreement to bring down the value of the dollar appear exaggerated, to say the least. The past week's events did not mark a bid to correct a major misalignment in the dollar such as existed in the mid-1980s.

The Plaza accord followed a period in which the dollar's overall international value had increased 63 per cent by March 1985 from its average of 1980. By early 1988 it had fallen below its 1980 level.

Present measures appear to be a pragmatic exercise to nip an incipient misalignment in the bud. If the central banks succeed in capping the dollar, they could also strengthen the counter-inflation policies of West Germany and Japan while easing US fears of declining competitiveness.

Four years ago, much bigger problems united the big industrial countries in their desire to reduce the dollar's value and in their analysis of the state of exchange markets and the world economy. The strong dollar of the mid-1980s was creating what appeared to be a dangerous and ever-larger US balance of payments deficit. Soaring imports fostered protectionist calls in the US.

One of the important goals of the Plaza accord was to stop the US turning its back on the world and adopting policies like the notorious Smoot-Hawley tariff that condemned the world to the depression of the 1930s. In intervening to push the dollar lower, the central banks then had the advantage of working with the grain of the market because the dollar had been declining since spring 1985.

The latest G7 text had echoes of the Plaza accord in declaring that the dollar was overvalued. It said "the ministers and (central bank) governors considered the rise in recent months of the dollar inconsistent with longer-run economic fundamentals." However, in the course of the past week, it became clear that there are widespread but subtle differences among the seven over the value and objective of currency intervention to control exchange rate movements and over the future of co-operation on exchange markets.

These differences do not add up to such deep discord as the row between West Germany and the US about monetary policy in Germany that helped precipitate the global stock market crash of October 1987. Indeed, the seven originally had some success in keeping their differences concealed by an agreement to refrain from individual explanations of the communiqué. But the differences lend support to the view that the latest agreement on the dollar is a pragmatic affair with the strengths and weaknesses that implies.

Monetary authorities hold differing views on the value of intervention itself. The US Federal Reserve, which acts on the instructions of the US Treasury in foreign exchange markets, sold a record $11.9bn between May and July, building up large yen and D-Mark holdings in the process.

By contrast, Mr Karl Otto Pöhl, president of West Germany's Bundesbank, dislikes the D-Mark's reserve currency role and has become increasingly sceptical about intervention, arguing that dollar sales can merely supply speculators with cheap dollars to sell at a profit later.

Even with intervention in the reported $4bn range, central banks cannot hope to outgun a market that has doubled in size in the past three years. The seven have also been unable to agree on whether to use interest rates to control the dollar.

Last weekend's G7 communiqué contained no reference to monetary policy. Mr Ryutaro Hashimoto, the Japanese Finance Minister, later made clear that he saw no domestic reason for a rate rise in Japan. In West Germany, where a small increase in the discount rate now seems a possibility, officials hint at a tightening of monetary policy to encourage counter-inflationary behaviour in the forthcoming wage round.

The attitudes on interest rates are a general sign that domestic priorities play a dominant role in the policy calculations of the G7 countries.

There are also differing attitudes towards the continuing large external imbalances in the US, Japan and West Germany. Concern at the large gap between the US current account deficit and the West German and Japanese surpluses was an important factor behind the Plaza agreement. At first sight, little has changed since then. Indeed, the recently published IMF World Economic Outlook projected a rise in the US current account deficit to around $139bn next year from $125bn in 1989, with the Japanese and West German surpluses growing to nearly $90bn and $67bn respectively from $72bn and $53bn.

The US Treasury considers that a strong dollar, by making US goods less competitive on home and world markets, adds to this problem. Mr Pöhl, however, views the imbalances increasingly as a regional question.

The US deficit is mainly with Japan and Asia while West Germany's surplus is in Europe. This results in the Bundesbank taking a more relaxed view of the rate between the dollar and D-Mark than at the time of the Plaza accord, when Germany had a large bilateral surplus with the US.

Such differences suggest there is little hope for stronger G7 currency co-operation. Although some countries, notably France, would like to institutionalise the G7 agreement, with published intervention points for the major currencies, others, led by West Germany, say this would be impossible without a better policy mix.

Since Plaza, little progress has been made towards solving fundamental problems of budgetary imbalances, economic efficiency and low savings rates in the big industrial countries. The parts of the G7 statement calling on the US, Canada and Italy to cut budget deficits and on all countries to open markets to foreign goods, curb subsidies and deregulate could have been written at any time over the last four years. To policy makers such repetition may signify resolve. To markets it smacks of inaction.

Yet, according to Mr David Hale, chief economist of Kemper Financial Services in Chicago, there have been developments over the past year that gave the central banks a fighting chance in their battle for the dollar.

The gap between high US dollar interest rates and rates in West Germany has narrowed over the past year as the Bundesbank has tightened policy. The US economy is experiencing slow growth. After the past year's strong rise, asset markets, such as the US stock markets, offer investors in the dollar less chance of capital gain.

As the IMF meetings closed, reports from financial markets suggested institutional demand for dollar investments was still strong. However, the central banks have also shown that they can at times create a two-way market in the dollar which can take it down as well as up.

Chancellor Lawson stays lucky

Mr Nigel Lawson, the Chancellor of the Exchequer, is not a man for half measures, but yesterday he recognised that there is a time to act and a time to wait and see.

His decision not to raise borrowing costs, after consultations with Treasury and Bank of England officials, is a holding measure.

It partly reflects the Bank's tactical success so far this week in holding sterling above DM 3.0250 – after August's £2bn current account deficit – and Mr Lawson's and his officials' decision to wait for market reaction to international developments. In particular, the Bundesbank's policy-making council is expected to raise interest rates next Thursday.

UK officials are, however, under few illusions. "We are in the middle of a very difficult market situation and we haven't seen the end of it yet," one said yesterday.

Sterling has been an accident waiting to happen for a year or more. It has been market wisdom that the pound would fall either because, with the economy slowing, an interest rate cut was in the offing; or because current interest rates were not high enough to compensate investors for the perceived failure of policy.

It was this consideration that came into play after Tuesday's news of the August deficit. To many in the markets it showed that the economy was reacting too slowly to the Chancellor's year-long tightening of monetary conditions.

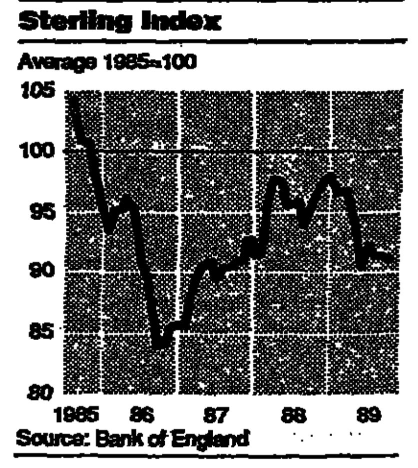
The August figure on its own would have been enough to scare the currency markets. But coming after July's £2bn deficit – forgiven because of possible distortions by the docks strike – there were no excuses.

However, Mr Lawson continues to live up to his reputation for luck: as the August figures were published the G7 central banks were intervening aggressively to hold down the dollar.

The foreign exchange market is a "single issue market" not noted for the length of its attention span. Action in the dollar will always supersede problems with other currencies. To the great relief of the UK authorities that is exactly what happened this week.

Chancellor Lawson has also been helped by a rise in UK money market interest rates. At 14.75 per cent for three-month money yesterday they were helping the pound, but they also contained the markets' message to Mr Lawson: base rates should be 15 per cent.

Simon Holberton



MAN IN THE NEWS

Leszek Balcerowicz

A daring novice driven by a sense of duty

By Christopher Bobinski, John Lloyd and Stephen Fidler

It took Leszek Balcerowicz and his wife Ewa, also an economist, one day and the best part of the following night pacing the small Warsaw flat they inhabit with their two children to decide whether he should take on the task of trying to set Poland's economy to rights.

Mr Balcerowicz, a 42 year old academic, had been offered the post of Finance Minister by the Solidarity Prime Minister Tadeusz Mazowiecki. All the arguments were for saying no. On top of the familiar ones about workload and family life, there was an additional consideration. The Balcerowiczs were about to go off to the north of England for a ten month lecturing stint which would have allowed them to buy a larger home.

A deputy premier's salary, though large by Polish standards, is not much greater than a coal miner's. Mr Balcerowicz says that what made him accept the job was the challenge of squaring the circle of Poland's economic problems; but those who know him well add he was also impelled by a sense of duty to his country. That sense of duty will now keep him and his family in cramped quarters.

The offer came out of the blue. Mr Balcerowicz, who had first studied and then taught at Warsaw's Central School of Planning and Statistics, was best known among academics as the head of a team which in 1980 had produced the best blue print for reforming a socialist economy available at the time. Both then and now he betrayed little political ambition. His links with Solidarity were tenuous and limited to acting as an occasional consultant on the economic musings of what was then the opposition.

After martial law was imposed in 1981, Mr Balcerowicz's interest veered sharply away from the search for a streamlined, efficient state-controlled economy to free market liberalism and the lessons the economic success of countries like South Korea might teach Poland. His view is that the supply of excess money to the economy must be choked off quickly if inflation is to be brought to heel.

He says his lack of experience in government means that he can bring a fresh mind to the issues, while his academic involvement with international finance gives him the expertise he needs. While accepting the need for pragmatism – shown for example by his decision to ask parliament for permission to print an extra 1,500bn zloty in October to cover the hole in September's budget – he is capable of resisting the traps bureaucrats like to set.

One Government departmental head recalls that a typical attempt to squeeze a rapid decision out of Mr Balcerowicz on the grounds that any delay would hold up important international talks met with a rebuff. "He told me he would have to examine the issue to see how it would affect other areas before saying yes," the official said, adding: "his predecessor would have caved in."

Mr Balcerowicz was pushed, within weeks of taking office, into the goldfish bowl of the International Monetary Fund and World Bank meetings in Washington this week. His presence, and the fate of the Polish economy, dominated the occasion. He outlined an extraordinary timetable to transform the Polish economy and with it made the inevitable and necessary request for Western money to help fund it.

His bespectacled, bookish appearance belied the bravery of the programme. The reaction was one of excitement – the Group of 7's discussion on Poland was described as "electric" – and of fear of what would happen if the programme failed.

Mr Balcerowicz knows the stakes: "We have to move quickly and we intend to do so. If we missed this opportunity, it would be a very great consequence," he told a press conference in Washington.

This conference was the Minister's only appearance before the press in Washington. It was slightly chaotic, partly because of his rapid delivery of English and the apparent dislike he shared with his party of microphones. As a fledgling politician he seemed astute, careful neither to embarrass those whom he was asking for support nor the Soviet leaders whose attitude to Polish developments remains critical.

He impressed those who met him in Washington by his combination of seriousness and optimism, although some were worried that even he might be under-estimating the magnitude of the problem his government faces.

He will not be able to do so when he returns home. The day after Mr Balcerowicz presented his plan – including the abolition of price controls – to the Group of Seven, Lech Walesa, Solidarity's chairman, went to a press conference in Gdansk. He told the press: "If someone fools around with prices they do so at the expense of the Government."

There are other signals that the population is nearing the end of its tether. A leap in milk prices last week, after a month when they had been in any case been rising steadily, evoked near despair in many people. The price of petrol jumped by 50 per cent overnight. An increase in prescription charges was rescinded at the last minute on Mr Mazowiecki's instructions. The Prime Minister, nervous about the political consequences, thereafter asked his ministers to inform him of every price rise they might be planning.

Mr Balcerowicz seems none the less set to go ahead to remove the bulk of remaining subsidies on food items, imported raw materials and agricultural machinery at the beginning of October. He faces a battle with the more fainthearted members of the Administration to put the coal price up by 100 per cent, pulling energy prices in its train.

If he is allowed to put his notions in operation, he will face a long slog. Only once prices are freed, Mr Balcerowicz says, can fundamental changes like privatising and demonopolising the state sector, reforming taxes and the banking system, and making the zloty convertible be introduced.

Mr Balcerowicz is the first finance minister to plough up post-communist land; he cannot know how rough it will be. No-one has been here before. No-one knows if success is possible; everyone is telling him it will be very difficult. Failure could lead, as Lech Walesa unhelpfully presaged, to a civil war. But success is not merely avoiding it. He will yearn for that British lecture tour many times in the future.

As Labour's conference gathers, **Michael Cassell** assesses Mr Kinnock's prospects

A hard but hopeful road

The Labour Party arrives in Brighton this weekend for its 88th annual conference more confident of winning a general election from opposition than at any time in the last 25 years. Since the European elections in June, Labour has stayed ahead of the Tories in every opinion poll, with over 40 per cent support. And, say the polls, half the electorate now takes the party seriously enough to believe that it is likely to win the next election.

The party can still show its proclivity for shooting itself in the foot. Last week Mr Kinnock was forced to "clarify" remarks by Mr Bryan Gould, the trade and industry spokesman, who seemed to go too far in threatening the dividends of shareholders in privatised companies. Remarks by Mr Michael Meacher, the employment spokesman, to the effect that the party is shying away from discussing the most contentious elements in its reassessment of policy strike another discordant note.

Despite these upsets, and despite the political arithmetic established by Mrs Thatcher's victory in 1987, Labour believes it is in the final stages of re-establishing its credibility and appeal as an alternative government. This painstaking reconstruction will be at the centre of the coming conference. The leadership is confident that it will win endorsement of the second stage of its policy review, which signals the party's return to the mainstream of British political life.

The hard left is seen as comprehensively outmanoeuvred, resigned to "walking in the wilderness" as one shadow cabinet member put it this week. Whatever tomorrow's changes in the party's national executive committee bring, the Kinnockites will retain their grip.

The conference floor, however, will see some fiercely contested debates:

● Defence. Here the issue is the party's agonised abandonment of unilateral nuclear disarmament. The change of policy is expected to win approval, despite the protests of the Transport and General Workers' Union. The prospect of the construction and possible commissioning of Trident submarines under the watchful eye of a Labour government is a potent image of the ideological leap which Mr Kinnock has persuaded his party to make.

● Trade union law. The question here is the party's attitude towards those unions which break a Labour government's employment laws. The T&G, Labour's largest affiliate, is demanding immunity for union funds during a first Labour administration. Mr Kinnock has been involved in last-minute moves to win union backing for a formula that ensures that unions do face penalties for breaking the law.

● Proportional representation. This cause, steadily picking up support within constituency parties and among trade unions, appears to be based on something more positive than simple fear that the party cannot again win power on its own. This week, the Labour Co-ordinating Committee, the party's largest pressure group, backed the idea of PR by four to one. There is also support among MPs. Mr Kinnock will resist the calls, although he will be careful not to denigrate them. He may sanction the establishment of a working party on the issue. The centre parties expect Mr Kinnock's opposition to PR to crumble as the impossibility of an outright Labour win looms larger.

● Black sections. This, perhaps the most marginal but most damaging row, is a long-running debate about whether local Labour parties should have separate "black sections" for non-white members. The subject shows the party in its worst light; it is a debate the leadership would give its eye teeth to avoid. Though, in the past, public rows and set-piece confrontations with opponents have helped Mr Kinnock appear a doughty champion of moderation, his role now is to unite his party behind changes which the public knows will stick.

Policy changes are not the only items for debate. The party's internal restructuring is not yet complete, with the fate of the trade union block vote – which gives the unions a 90 per cent hold on the conference's decision-making process – still to be decided.

No decision will be taken this year but Mr Kinnock will want either to reduce the role of the block vote before the next election or have firm plans to do so well under way. That the project is practicable at all is a measure of the unions' desire to see Labour win and their recognition that the existing arrangements are an electoral liability. Achieving his aim will none the less require a display of tightrope-walking which will test Mr Kinnock's skills to the full.

Once the conference is over, the party expects to publish a campaign document by next year, to form the basis for the general election manifesto. Only as the final programme is drawn up will it be costed in detail. Labour is committed this time to doing its sums properly; it will reject as hopelessly premature any earlier attempts by political opponents to price its programme.

Much of the next phase of detailed policy-making will concentrate on the party's economic policy, with Mr John Smith, the shadow Chancellor, assuming an even more central role in the process.

Labour's view is that, despite the apparent unpopularity of such Conservative policies as the continuing programme of privatisation, the poll tax and National Health Service reforms, it will again be the economy which decides the outcome of the next election.

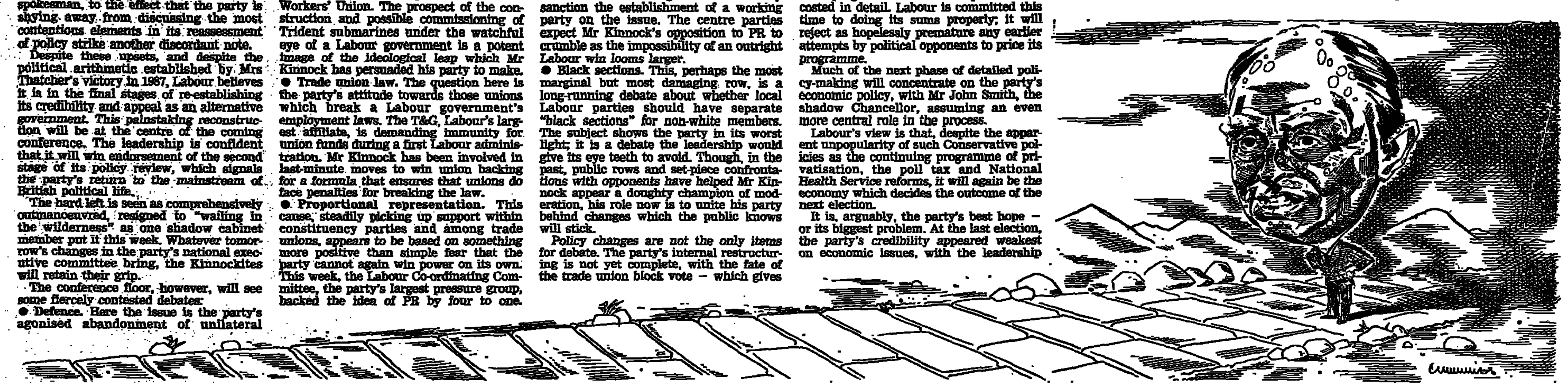
It is, arguably, the party's best hope – or its biggest problem. At the last election, the party's credibility appeared weakest on economic issues, with the leadership publicly at odds on matters such as personal taxation.

Even now, with the Government struggling to put a brave face on its efforts to prop up the pound and squeeze down inflation, the Opposition still fails to convince the voters of its economic competence.

On the specific issues of prices, taxation, the general strength of the economy and on strikes, the Tories maintain an impressive lead in the polls. Labour has not yet, despite strenuous efforts, managed to ditch its reputation as the party of high taxation and high inflation. Mr Smith is said to be "going into a thinking mode" to find ways of denting the voters' greater faith in the Conservatives over the economy.

Inevitably, however, the greatest burden will fall to Mr Kinnock himself. He likes to take pot-shots at Mrs Thatcher's prime ministerial longevity – but, by the time of the next election, he is likely to have led his party in opposition for over eight years. His strengths and faults are well known; he has two years to vanquish the "nice-bloke-but-no-Prime Minister" tag pinned on him by his opponents. The Tories do not intend to let Mr Kinnock escape lightly, and are likely to unleash a personal onslaught on him as the next election approaches.

None the less, with the debilitating years of internal warfare behind him, his colleagues hope Mr Kinnock can now begin to display the reflectiveness, maturity and confidence he will need in order to impress. No longer forced to look over his shoulder, he may be able to concentrate on the path ahead.



Kerin Hope in Athens considers the issues of ethics and politics in the forthcoming Greek elections

Catharsis of democracy

"OUT with the kleftes (thieves)," says a spray-painted slogan doing its best to obliterate the rising sun symbol of the Panhellenic Socialist movement of the former Greek prime minister, Mr Andreas Papandreou.

Much of the paraphernalia is still around from last June's inconclusive election, which unseated the Socialists after eight years in power but failed to give the conservative New Democracy party of Mr Constantine Mitsotakis an overall parliamentary majority. A quick refurbishing is all that will be needed in preparation for fresh elections on November 5.

But even if Pasok's green and New Democracy's blue graffiti still look the same, Greek politics have undergone a profound change in three months of unprecedented cooperation between right and left. The catalyst was the Left Alliance, uniting the sternly traditional Greek Communist party with the smaller and more liberal Hellenic Left, which formed a coalition with New Democracy to give the Communists a share in government for the first time.

With a popular conservative backbencher, Mr Tzannis Tzannetakis, as prime minister, the coalition quickly underlined the historic reconciliation between the enemies of the 1940s civil war. Thousands of files left over from the days when right-wing governments routinely harassed left-wing citizens were ceremonially burned.

The coalition has since held firm to its aim of "catharsis," or cleaning up the financial scandals that dogged the Socialists' last two years in power and played a big part in Mr Papandreou's election defeat. But the inevitable limitations of a partnership between such ideologically different groups means that no action has been taken on pressing economic problems, such as the soaring public sector deficit, likely to reach 22 per cent of gross national product by the end of the year.

The government's focus remains fixed on the Bank of Crete scandal and its implications for Mr Papandreou, who will fight the election while awaiting trial by a special court on charges of abuse of authority, taking bribes and receiving stolen money – offences punishable by up to 20 years' imprisonment.

By voting for the Socialist leader's indictment this week, parliament set in motion the ponderous constitutional machinery for bringing government ministers to trial.

The evidence presented of Mr Papandreou's alleged complicity in the $200m swindle at the Bank of Crete is based to a large extent on the testimony of the bank's owner, Mr George Koskotas, who is awaiting extradition to Greece on fraud and embezzlement charges.

Mr Papandreou and four Socialist former cabinet ministers also charged have denied any wrongdoing. "Throughout my political career, nobody has ever cast doubts on my ethics," the former Prime Minister declared in Parliament. "The only witness against me is that swindler Koskotas."

The Socialists originally cultivated their image as "kleftes" in its historical sense of heroic rebels who stole, like Robin Hood, from the Ottoman rulers to help Greeks. It has now rebounded on them. There seems little doubt that Mr Papandreou will become the first Greek premier to be summoned before the special court. Even if the bank scandal charges fail to stick, there is still the phone-tapping case, in which he is accused of ordering Greek intelligence to eavesdrop on opposition politicians, journalists and members of his own cabinet.

In a generally sober atmosphere, neither conservatives nor communists are rejoicing at the prospect of Mr Papandreou's political demise. "He's a national liability, he made me ashamed to tell people abroad that I was Greek. But he should be pushed into retirement, not persecuted," said a leading businessman.

Nor did the assassination by radical leftist terrorists of a conservative backbencher, Mr Pavlos Bakoyiannis, on the day of the Parliamentary vote in the Koskotas affair, noticeably heighten political tensions. Mr Bakoyiannis was the son-in-law of Mr Mitsotakis, the New Democracy leader, whose standing has grown as a result of the coalition government's stability.

The shooting was the fourteenth claimed in as many years by the revolutionary November 17 organisation, named after the day that the colonels' junta crushed a student rebellion. Once again, the question was raised of why the Greek police have failed to arrest any of its members. As the Communist leader, Mr Harilaos Florakis, who spent years on the run after the civil war, put it in parliament: "I could never lose the police for more than a year. How is that none of these terrorists has been caught in 14 years?"

Conservative deputies say the assassination of Mr Bakoyiannis can only help their campaign. But it is by no means certain that Mr Mitsotakis will win the extra 2-3 per cent of the vote needed to raise his 145 seats to a clear majority in the 300-seat Parliament.

He will be helped by having control of the state-run television stations. Although the conservatives have kept their pledge to eliminate government propaganda from broadcasting, the opportunity of reducing the Socialists' rhetorical reach may prove difficult to resist.

Despite a rebellion by the Communists' old-fashioned youth movement, which accuses its seniors of betraying Marxism by joining up with the capitalists, the Left Alliance hopes to boost its 13 per cent of the vote and 28 seats by attracting disaffected Socialist voters. Mr Papandreou, however, appears to be firmly in control of his party and pollsters say there have so far been few indications that Pasok's 39 per cent and 125 seats will be seriously eroded.

Mr Papandreou soothed the moralists by marrying his 35-year-old mistress shortly after the election. His health, still fragile after a spell in hospital in June, makes it unlikely that he will stomp the countryside during the campaign.

Yet even if the Socialists cannot finish first, Mr Papandreou's proposals for a partnership of "progressive forces" show he still dreams of returning to power through an alliance with the Communists, who have not ruled out cooperation with Pasok.

LETTERS

A matter of degree: A level, undergraduate and graduate study

From Mr Martin Dodson.

Sir, Although university courses would be seriously affected by a radical broadening of the sixth form curriculum, (letter, September 27), a lengthening of the bachelor's course to four or five years is not the only option. Additional academic qualifications may be the answer.

Only about 40 per cent of graduates in physical sciences, and 60 per cent in engineering and technology go directly into professional employment, according to figures gleaned from "University Statistics 1987-88." The remainder either train for further qualifications (40 per cent of physical scientists; 15 per cent of engineers), or enter employment in non-technical areas such as finance or management.

In the humanities, few graduates take up employment directly linked to their degree speciality. It is arguable from these figures that first-degree courses are, for many students, too narrowly oriented towards a professional qualification.

Selective post-graduate schemes along the lines of the North American master's degree or the German Diplom could provide an element of flexibility and would be more cost-effective than a blanket increase in the length of the bachelor's course. Graduates who required a full professional training could complete it by means of a two-year master's degree involving a substantial taught component.

The bachelor's course, liberated from the need to cram ever more "essential" specialist material into little more than two and a half years, could become a broader and more satisfying experience.

Unfortunately, the current atmosphere of mistrust between the Government and the universities in Britain does nothing to encourage the hope that resources would be available for initiatives of this nature, which call for years of careful planning. It seems more likely that universities will in due course be presented with a *fait accompli* and told to do the best they can.

Martin Dodson,
High Lawns,
West Chevin Road,
Otley,
West Yorks.

From Ms Antonia Balazs.

Sir, As a former pupil at a boarding school in England and now a student at a university in the US, I have observed two very different systems of education. I agree with Michael Prowse ("The absurdity of A Levels," September 22) that a viable vocational alternative to A levels is of paramount importance.

The case for reform is, however, more complicated than Mr Prowse makes out. The American system, in which students up to master's level are required to take a range of courses outside their speciality, can turn out graduates who possess a broad but superficial knowledge. This means that one is often at an introductory level, learning basics, without reaping the harvest of the effort – rather like learning the alphabet yet never reading Shakespeare. I fear that an increase in the number of A level subjects would put pupils in England in the same position.

More subjects would also mean more, not less, elitism in the system as a whole. A person wanting to become a doctor would spend longer in school than he does at present because less material would have been covered before university. The extra cost might be too much for some people. In America, where getting any degree takes longer than in England, I hear all too often about prohibitive costs prematurely ending both an education and a career.

A big problem with A levels is that one is not taught how to work. After O levels, I was faced with a sudden massive increase in the amount and difficulty of work. My classmates and I were never taught how to meet systematically this extra load, although we were constantly being told we were not working hard enough.

The first priority for reform is the implementation of a vocational alternative to A levels, and a campaign to change attitudes towards it.

Antonia Balazs,
2030 F Street, NW,
Washington DC

Framlington

From Mr Tim Miller.

Sir, John Edwards's account of the hypothetical model Framlington investor – Uncle Charles's friend, or the vicar in Carlisle ("Framlington: a pause for thought," September 23) – gave the impression that my old company was some kind of fuddy-duddy or dodo. This is nonsense.

Framlington had a marvellous team of fund managers and was an innovative and highly successful mass marketing business. We built up the value of the Framlington brand through heavy, consistent and profitable advertising. The company produced record unit trust launches, a huge popular franchise and brought the number of customer accounts from 2,400 to 140,000 in the 10 years 1977-87.

Our savings plan operation was second only to M & G's. Our life insurance company was created specifically for mass marketing within the new regime for personal pensions. Our super-simple unit trust personal equity plans were similarly designed for the mass market.

So what has Throgmorton done to move with the times? Certainly not to develop these initiatives. It has, for example, cut back drastically and sold the life company.

Tim Miller,
9 Bartholomew Villas, NW5

The Green Party and global economics

From Mr John Matthiessen.

Sir, Opposition to capitalism per se was debated and resoundingly rejected by the Green Party at its conference in Wolverhampton. The real problem is the scale and intensity of industrialism. Industrial activity has grown enormously over the last century, without any legislative or fiscal framework restraining it within the context of global environmental imperatives.

Greens believe the pursuit of a sustainable economy would ease many of the pressures which make tax policy, inflation and the exchange rate so troublesome. Our policies aim to shift the tax burden towards indirect taxes on consumption, pollution and the use of virgin raw materials. We would also combine the income tax and benefit systems to remove the poverty trap.

An end to exponential economic growth will ease inflationary pressures. So will restraints on advertising and a general discouragement of the materialist ethic. Greater national and local self-sufficiency and less international trade will make exchange rates less significant and less volatile than they are today.

John Matthiessen,
Windrush, Ashfield Road,
Elmswell,
Bury St Edmunds

Barrage

From Dr A.N. Lance

Sir, The arguments advanced by Chris Gossop in "Public funding for Tunnel links" (letters, September 25) apply to other mega-projects as well. One hopes that the taxpayer does not face another miscalculation over the proposed Cardiff Bay Barrage Scheme, but the signs are that the Government has its priorities wrong in this case too.

Ministers have failed to secure Euro-funding for the Butetown link of the Cardiff peripheral distributor road. Yet surely it is the road, not the barrage, which is *crucial to the* redevelopment of Cardiff's derelict dockland.

The Royal Society for the Protection of Birds (RSPB), other conservation bodies in Wales and thousands of local residents do not want the barrage. It will flood basements, create long-term pollution and destroy important bird feeding grounds. Then the reluctant taxpayer will be squeezed for another £45 million to subsidise the "miscalculation" about the road.

Parliament still has time to stop this folly by rejecting the Cardiff Bay Barrage Bill.

A.N. Lance
Director (Conservation),
RSPB,
The Lodge,
Sandy,
Bedfordshire.

PEP and the paid lunch

From Dr J.M. Crossley.

Sir, I am sure that Philip Chappell (letters, September 16) is right in saying that in most cases PEP (personal equity plan) charges just about balance the tax-saving of this form of investment for basic rate taxpayers. In effect, however, this means that my investments are being professionally managed free of charge, so the PEP is still worthwhile.

The "lunch" is still paid for, of course – but by my fellow taxpayers, not by me. I speak as a relatively satisfied user of a stockbroker-managed PEP.

J.M. Crossley,
Ogden, 20 Somerville Road,
Sutton Coldfield,
West Midlands

Plastic cards

From Mr Michael Dixon.

Sir, Linked automatic teller machines (ATMs) must eventually be the answer to both convenience and cost when "playing your cards right on holiday" (FT, September 16). However, for my latest visit to Geneva, I transferred sterling to my Access account and drew Swiss francs at banks in Geneva. I incurred neither transaction nor interest charges, save a minor loss of interest on my current account. Access normally charges for borrowing on receipt and Visa charges 1.5 per cent turnover. Currency and travellers cheques can be expensive.

Michael Dixon,
Acre Wood, Dunston Lane,
Burton,
South Wirral

Satellite TV

From Mr Jonathan Miller.

Sir, A solution to Channel 5's cares ("Reception conflict and delays threaten Channel 5 launch," September 28) could be satellite reception in areas where the signal will not be had from the ground. In about a year, a second Astra satellite will be launched to add 16 channels to those now on the first Astra. Channel 5 could lease one channel and transmit to the homes which have bought satellite dishes to watch our programmes. We would welcome this complement to our own service and its effect in making an investment in reception equipment more attractive to viewers.

Jonathan Miller,
Sky Television,
Isleworth, Middlesex

UK COMPANY NEWS

Improved margins and higher overseas contribution in core areas

All-round growth lifts THF 20%

By Andrew Bolger

TRUSTHOUSE FORTE, the hotel and catering group, yesterday reported a 20 per cent increase in pre-tax profits to £145m in the nine months to July 31. The current financial year will have 15 months as THF shifts its year-end to January 31.

Mr Rocco Forte, chief executive, said improved margins were achieved in all three core business – hotels, public catering and contract catering – with each showing good growth and an increasing contribution from overseas.

The group's five-star London hotels saw a 24 per cent increase in profits and European trade was very strong, with Paris leading in the bicentennial year.

British provincial hotels also had higher occupancy and room rates. In the much flatter US market, upgrading and rationalisation of facilities continued.

Mr Forte said the 50th Travelodge budget hotel had been opened in the summer and it was expected that 100 such hotels would be operating in the UK by the end of next year.

Disposals continue from Kennedy Brookes, the hotelier and Wheeler's restaurants chain, which THF bought for £280m in April last year. Mr Forte said that by the year-end, properties worth £120m would have been sold.

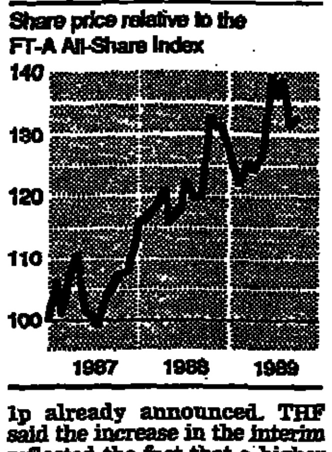
Trading profits in public catering rose 34 per cent to £43m, with Harvester licensed restaurants and Kentucky Fried Chicken units to the fore. Roadside businesses continued to expand, with 15 new Little Chef and Happy Eater outlets opened in the year to date.

THF said contract catering had shown good growth, with Gardner Merchant taking advantage of the expanding international market to earn one third of its profits abroad. The company had also won substantial NHS contracts in the Home Counties and Northern Ireland, together with contracts for a number of state schools.

Capital investment will total £300m over the 15 months to January 31. Interest payments in the nine months to July 31 rose by 54 per cent to £54m, but THF said it expected its gearing would be reduced to below 40 per cent by the year-end.

Trusthouse Forte

Share price relative to the FT-A All-Share Index



Earnings rose 22 per cent to 13.56p. An interim dividend of 2.5p (1.76p) was declared, to be paid with a special dividend of 1p already announced. THF said the increase in the interim reflected the fact that a higher proportion of profits was now earned in the first half.

See Lex

Unilever paying £31.6m for Jeyes

By Christopher Parkes, Consumer Industries Editor

UNILEVER, the Anglo-Dutch multinational, has agreed to pay £31.6m, including £3.3m of debt, for Jeyes Hygiene, an industrial cleaning products specialist.

The company will join the group's commercial and industrial business, operated by Lever Industrial.

Unilever also revealed yesterday that it had struck a bargain earlier in the week to buy Sicca Hygiene in France to add on to its French industrial business. It had also reached agreement to take over Otares Institutional and Industrial of the Netherlands, the group said.

Jeyes Hygiene, which was bought out of Cadbury Schweppes by its management for £9.1m in 1986, had sales of £23m last year and made an operating profit of £2.3m. Lever Industrial's UK turnover last year was £40m.

Sicca's annual turnover is around FFr30m, while Otares had sales last year of Fl170m.

Unilever said it had received irrevocable undertakings to accept the offer in respect of 65.2 per cent of Jeyes Hygiene's ordinary shares and 76 per cent of the preference stock.

At the time of the buyout, the management and workers took a 30 per cent stake with most of the balance held by institutions.

In the year to December 1985, before the company changed hands in March, 1986, it made £1.46m pre-tax profit on sales of £22.1m.

Property sale helps Coates Brothers show 9% advance

By Peter Marsh

COATES BROTHERS, the inks and resins maker, pushed up pre-tax profits for the first half of 1989 by 9 per cent to £18.5m.

The advance from £17m, on a 14 per cent rise in turnover to £190.4m (£167.8m), was partly explained by an exceptional property sale profit of £700,000.

Mr John Youngman, chairman, said another factor had been the stabilisation of the rise in raw materials prices for resins. Coates had been able to pass on to customers more of the price rises than it had expected in May, when Mr Youngman forecast a minimal profits increase for the half.

Nevertheless, trading conditions had been patchy and he could not see much change for the rest of 1989.

Next year, however, could produce brighter figures as Coates takes full absorption of French inks maker Lorilleux, bought 18 months ago for £57m, doubling its size.

Inks showed a reasonable performance in much of Europe, with the exception of the UK where demand was weak. Operating profits rose to £13.7m (£11.8m) on sales of £135.7m (£118.7m). A poorer performance in resins related to raw materials problems; profits fell to £5.9m (£6.1m) on sales of £54.8m (£48.5m).

Earnings per share rose to 18.2p (17.1p) and the interim dividend is 2.6p (2.4p).

● COMMENT

With the developed world reeling under mountains of printed paper and packaging materials, printing inks should be a growing and profitable market. And so it is, over the longer term. But analysts have trouble in reconciling this enthusiastic view with shorter term problems. Not only has Coates had to struggle with rising raw materials prices, it seems to have encountered difficulties in tuning its sales and marketing operations to conditions in individual countries. This is all the more important now that the UK, after the Lorilleux purchase, accounts for only one third of sales with the rest of Western Europe accounting for a further third. The 40 per cent stake held by French state-owned chemicals company Orkem essentially protects Coates from a bid. But this may change as a result of an imminent Paris-inspired reshuffle of French chemicals. Should this happen, Coates would be an attractive target for the two global inks makers, Dai Nippon of Japan or BASF of West Germany. Considering this, and the good prospects for inks in the 1990s, the shares might seem underpriced on a p/e of 7.5 on £36m pre-tax for the full year.

Panfida in loss after goodwill

By Clay Harris

PANFIDA GROUP, the retailer which includes Martins newsagents in the UK and Majik Markets convenience stores in the US, reported a post-interest profit of £153,000 in the nine-month financial year to June 30.

Although goodwill amortisation pulled Panfida into a pre-tax loss of £941,000, against a £1.8m profit in the previous full year, the group noted that the figures slightly bettered the dismal expectations of June, when it warned of losses and launched a two-for-three rights issue.

Yesterday's results were accompanied by wholesale management changes. Mr Ken Vere Nicoll is resigning as UK chief executive with effect from today. Mr John Diddams, finance director, is moving from Sydney to London to take over Mr Vere Nicoll's responsibilities, but not his title.

Mr Brian Baylis will resign as managing director of Martins Retail Group. Until he is replaced, Mr Robert Leak, MRG's finance director, will act as managing director.

Turnover was £396.1m. There was no comparable figure in 1987-88, which pre-dated the creation of the current group through the merger of Australian-based Panfida and the UK investment trust "Investing in Success" Equities.

Before tax, interest and amortisation, profits rose to £15.12m (£2.78m), but interest payments soared to £14.96m (£986,000). There was a one-time amortisation charge of £1.09m. Panfida intends to change its articles of association to allow the writing off of goodwill.

Taxation took £962,000 (£425,000) and minorities another £844,000, inflating the attributable loss to £2.75m (£1.38m profit).

The loss per share is 4.9p before goodwill amortisation and 8.2p afterwards. Earnings per share were 4.5p last time. A final dividend of 0.5p raises the total to 1p, compared with the 2.25p paid in the previous 12-month period.

Adwest advances 20% to £16m

By Clay Harris

ADWEST GROUP, the diversified engineering and property company, increased pre-tax profits by 20 per cent from £13.5m to £16.2m in the year to June 30.

Turnover rose by 5.5 per cent to £103.2m (£97.9m). The operating margin on continuing activities fell from 12.7 per cent to 12.2 per cent, but Adwest got the benefit of net interest receipts of £78,000 (£138,000 payments), and the loss from discontinued operations was cut to £207,000 (£311,000).

Three sectors showed a decline in operating profits: property £3.37m (£3.58m), electrical engineering £1.94m (£2.04m), and general engineering £629,000 (£709,000).

These declines were more than offset, however, by profits from automotive components £3.82m (£3.59m), and defence equipment £2.48m (£1.87m).

A final dividend of 5.75p lifts the total by 19 per cent to 7p (5.875p, adjusted for a scrip issue last year), a rise just ahead of the growth in earnings per share to 17.2p (14.5p).

● COMMENT

Adwest's biggest news this week was not the results but the exclusive licence granted to its Bowden Controls subsidiary to manufacture Nippon Cable Systems brake and clutch cables for supply to Japanese motor vehicles in the UK. This, and the visionary move into Continental-based components production, shows the road Adwest is taking. The group rightly notes the virtue of its diversified nature, but that should not rule out selective disposals. Allowing for continued softness in the property market, Adwest should advance to £17.5m pre-tax in the current year, for an undemanding prospective p/e of 10.

BSS pays £12m for heating distributor

By Andrew Hill

BSS Group, the distribution company, has strengthened its domestic heating equipment arm with the purchase of J&B Labone from Parkfield Group for £12.1m cash.

But it warned that the new subsidiary's profits would be held back at first by the impact of high interest rates.

The acquisition will be partly funded by a one-for-ten offer of new BSS shares to raise about £7.4m. They will be provisionally placed with institutions at 420p, against the closing price of 453p, down 7p.

Labone distributes domestic central heating equipment in northern England, the south east and Scotland. The market has been adversely affected by high interest rates. Earlier this week Myson Group, boiler and radiator maker, said first half profits had been held back by a slowing in demand.

BSS said Labone's profits – £1.9m in the year to April 30 – would be unlikely to show growth in the current year. However, it expected renewed growth during the 1990s.

Integration of Labone with Heatek, the subsidiary in the same business, would lead to improved purchasing power.

Parkfield said the sale proceeds will be used to develop its manufacturing and entertainment activities.

Arlen gets £6m injection

ARLEN, has turned to Mr Maurice Dwek for a £6.12m cash injection and additional management expertise to help it cope with the slowdown in UK housebuilding, its main market, writes Clay Harris.

Mr Leslie Hancock, chairman and managing director, said the investment would enable Arlen to reduce borrowing, continue its capital spending programme and set out again on the acquisition trail.

In the six months to September 30, Arlen is likely to report a fall in pre-tax profits from the £797,000 achieved in the same half last year. It had been hit not only by the housing slowdown, but also by development costs.

Seaforth Investments, a leisurewear and lighting company jointly owned by Mr Dwek and the MIM investment management group, is subscribing £2.88m for ordinary shares equal to 25 per cent of Arlen's enlarged share capital.

The shares are being issued at 80p, a premium to Thursday's closing price of 74p. After the deal was announced, Arlen shares jumped 18p to close at 92p.

Seaforth is also putting in £3.24m of convertible preference shares, and Mr Dwek, is subscribing £10,000 in convertible prefs on his own account. However, Seaforth's total equity interest is capped at 29.9 per cent.

Mr Hancock will remain as a non-executive director, but give way to Mr Dwek as chairman. Seaforth will have two other directors, against five from the original Arlen board.

Cambrian saga almost over

The long-running saga over Cambrian & General Securities, the investment trust which was once a vehicle for convicted US insider trader, Mr Ivan Boesky, moved closer to completion yesterday as Leucadia National Corporation announced a new increased cash offer for the outstanding shares, writes Nikki Tait.

Leucadia already owns 74.3 per cent of the voting rights, after a bid earlier this year. The other main shareholder is the US Treasury, with 23.4 per cent of the votes - which accepted shares in the trust as part of its settlement with Mr Boesky. The US Treasury has given an irrevocable undertaking to accept the new terms, subject to certain conditions.

The new terms are $2.14 in cash for each ordinary share, and $3.05 for each capital share. The final terms from Leucadia last spring were 120p and 145p respectively. Since then, Leucadia has attempted to buy out part of the US Treasury's holding, but ran into problems with the Inland Revenue in the UK.

First City lifts Asda holding

First City Financial Corporation, a Vancouver-based investment company controlled by the Belzberg family, has raised its stake in Asda, the UK food retailer, to 4.97 per cent – the net position on Thursday, after various purchases and sales. The last notified position, in early July, was 4.53 per cent.

Shares in Asda, which is asking shareholders to approve the £705m purchase of 61 Gateway superstores on October 12, jumped 7½p to 185½p yesterday in fairly heavy trading, as bid speculation revived. Asda's advisers, however, say there has been no further significant contact with the Belzbergs, and no signs of any other suspicious activity in its share register.

Clarkson up 61%

Horace Clarkson, the shipping and insurance broking group, increased pre-tax profits by 61 per cent to £4.92m in the six months to June 30. Turnover rose to £19.2m (£16.3m).

On earnings per share of 15.3p (9.5p), the interim dividend is lifted to 2.5p (2.25p).

The group said shipbroking had a good six months, and shipowning continued satisfactorily. Its specialist Lloyds' names' insurance brokers had another good renewal season.

West Midlands Police set up inquiry into Eagle Trust

By Richard Tomkins, Midlands Correspondent, and Philip Coggan

WEST MIDLANDS Police have launched a full-scale inquiry into the affairs of Eagle Trust, the mini-conglomerate under investigation by the Serious Fraud Squad, it was announced yesterday.

An eight-strong team from the force's fraud squad has been set up to carry out the inquiry and will seek to interview Mr John Ferriday, Eagle's former chairman, whose present whereabouts are unknown.

Detective Inspector Brian Newbury, head of West Midlands Police commercial fraud squad, said: "Working in conjunction with the Serious Fraud Office, I have established a team of officers working in the West Midlands to investigate Eagle Trust, Paramount Airways and other companies.

"In the first instance our inquiries will be based on the misappropriation of the funds of Eagle Trust and the management of that and other companies. During the course of that investigation we will want to see John Ferriday and other people connected with those companies.

"The team of eight officers is in the process of finding accommodation for this inquiry."

West Midlands Police are carrying out the investigation because Eagle Trust and many of its affiliated companies are based in the Midlands. The financial operations of Paramount Airways, a company controlled by Mr Ferriday and his business associate Mr Richard Smith, but now in administration, were also based in Birmingham.

Legal action concerning Mr Ferriday which has been revealed this week include a Mareva injunction obtained by Eagle freezing Mr Ferriday's assets and a writ from Standard Chartered, claiming the return of £5.8m from Mr Ferriday and Mr Smith. Mr Smith plans to contest the action.

Meanwhile, a provisional liquidator has been appointed by Northampton county court at Landsaver, a hydroponics company, based in Corby. The liquidator is Mr Barry Ward of the Worcester-based firm of Rabjohns.

Landsaver operated from the same site as Hydrodan (Corby), a former Eagle subsidiary which liquidated last December. Hydrodan was also briefly known as Landsaver in its corporate career.

A warrant has been issued for the arrest of Mr Ferriday following his failure to appear at a court hearing concerning Hydrodan.

MB achieves £28m in three months

By Andrew Hill

MB GROUP has published its first results since merging its worldwide packaging interests with Carnaud, a French packaging group, earlier this year.

In the three months to June 30, MB made profits of £28m before tax, of which nearly £20m consisted of interest on the proceeds of the merger and a share of the merged company's profits.

The slimmed down company now has two core divisions – security printing and heating and bathroom products – and a 25.5 per cent interest in the merged group, CMB Packaging.

MB is in the process of changing its year-end to December 31, so its next results – for the nine months to the end of 1989 – will be published in April 1990.

Meanwhile, earnings per share in the three-month period were 5.9p and the company declared an interim dividend of 2p, which is covered 2.9 times by after-tax profits. MB said it was aiming for dividend cover of at least 2.5 in subsequent years.

Operating divisions returned profits of £8.9m, compared with £6.3m in the equivalent period; the CMB stake contributed £11.1m and net interest payments amounted to £8m.

Turnover was up from £71.6m to £76.9m. Heating and bathroom products – under the Stelrad brand name – made operating profits of £5.5m (£5.2m) on sales of £56.4m (£54.7m), while profits in cheque printing and business forms rose to £2.6m (£1.8m) on turnover of £20.5m (£16.9m).

Since the packaging merger, MB has spent the £160m proceeds buying ABS Holdings, a US cheque-printing group, for $300m (£187m) cash. That purchase more than doubled the size of its security printing interests and made MB the third largest cheque printer in the US.

Mr Brian Smith, chairman, said MB was interested in growing both organically and by acquisition, but he added: "We look upon ourselves at the moment as a quietly balanced group."

CMB gets on the move with 23% profit rise

By Maggie Urry

CMB Packaging, the group formed in April by the merger of Carnaud of France and Metalbox Packaging of the UK, reported its first trading results, showing a 23 per cent rise in pre-tax profits to FFr615m (£59.7m).

The company said "the speed with which we have moved in creating the new group has been remarkable." The managing directors of the operating businesses went to Jordan to "sleep in the desert" together and came back forged into a team.

Visits by Metalbox and Carnaud people to each other's plants had produced ideas for improving their own operations, which now needed to be put into practice. Other benefits of the merger, such as combining raw material purchasing, had already been put in place. Six further acquisitions had been made.

The figures include six months to the end of June from Carnaud and three months from Metalbox with comparable figures on the same basis. MB Group holds 25.5 per cent of CMB's shares.

CMB is the largest packaging business in Europe and aims to have 10 per cent of the EC market by 1993. Sales rose 25.3 per cent to FFr9bn, with 9.5 per cent growth coming from existing businesses and the rest from acquisitions.

Food packaging, which accounts for 70 per cent of sales, achieved a higher growth rate than in recent times, the company said. A good market background allied to innovative cans and marketing improved profits.

Drinks packaging was not having a good year although volumes were well up because of the warm weather. CMB suffered capacity constraints as new capacity is due to come on stream next year, while prices had been depressed.

The group said "very good performances" were produced by health and beauty packaging, bottles and closures in the UK, and the activities in Greece and Africa.

Earnings per share rose by 22.8 per cent to FFr7. The group intends to pay one dividend a year. Balance sheet shows shareholders' funds of FFr9.3bn and net debt of FFr6bn, a seasonal peak.

COMPANY NEWS DIGEST

Courtney Pope helped by lighting

A 42 PER CENT advance in pre-tax profit for the year ended May 31 1989 was achieved by Courtney, Pope (Holdings), and the dividend is raised 21.5 per cent.

From turnover ahead 39 per cent to £57.49m (£41.45m) the profit worked through at £4.32m (£3.04m). Particular benefits came from improvements in the profitability of electrical and contracting activities, which more than offset the impact of a slowdown in demand for engineering products.

The rise in sales stemmed chiefly from the expansion in lighting and a recovery in the specialist contracting business.

So far the group had largely escaped the downturn in sales volume experienced in its sector.

Earnings in the half year came to 21.3p (18.6p). The proposed final dividend is 5p for a total of 8.5p (7p).

Baltic advances to £6.65m at half year

Baltic, asset finance, property and investment services group, lifted pre-tax profits from £5.4m to £6.65m in the first half of 1989. Turnover advanced from £22.89m to £30.86m.

The directors were "cautiously optimistic" that the remainder of the year would be one of continued progress. The group had hedged its exposure to rising interest rates but would benefit as and when interest rates fell.

An increased interim dividend of 1.7p (1.44p) is being paid from earnings per 5p share of 11.5p (9.6p) basic, and 9.6p (8.3p) fully diluted.

At June 30 the asset finance portfolio was in excess of £150m.

ASB Barnett on a plateau at £111,000

ASB Barnett Kinnings, the Third Market quoted advertising group, reported pre-tax profits of £111,000, against £109,000, for the six months to June 30 on turnover which had improved from £516,000 to £780,000.

Operating profits were unchanged at £107,000 and a same-again tax charge of £35,000 left earnings at 2.7p (2.6p).

The recruitment division now operated from six locations and the board said that while expansion costs had come earlier than expected the company had a firm platform for growth. It added that the advertising division was breaking into profit.

Stylo optimistic over full year

Stylo, the footwear retailer, is looking forward to a satisfactory year's profit provided the weather is seasonable and Christmas trade good.

The company has been encouraged by a nine per cent increase in turnover to £31.86m (£29.17m) and a 59 per cent rise in trading profit to £1.69m (£1.06m) for the half year ended July 29.

The usual loss for the period was cut from £798,000, net of £146,000 property sales, to £642,000. For the whole of 1988-89 the pre-tax profit was £3m.

Children's Medical asset value ahead

Children's Medical Charity Investment Trust net asset value improved from 97.1p to 102.6p basic and from 97.6p to 102.2p fully diluted at the end of the six months to June 30. Gross revenue from investments for the period was £31.05m (£37.65m). Net revenue after interest and other expenses was little changed at £31.16m (£31.23m).

Directors said that current estimates of income for the year were in excess of last year.

Bristol Channel Ship Repairers cuts losses

Bristol Channel Ship Repairers cut its loss from £57,000 to £29,000 in the year ended March 31 1989.

Turnover fell to £302,000 (£1.24m) following the cessation of non-profitable trade and being more selective about work. Loss per share was 0.04p (0.07p).

The ship repair market improved considerably but will be tempered by the ending of the profit sharing agreement with CH Bailey.

Turnover in the current year was almost double that of last time, and should make a good contribution towards overhead costs.

Throgmorton Dual shows improvement

For the 12 months to July 31 1989 Throgmorton Dual Trust improved its net asset values: the capital share from 750.4p to 827.8p and income share from 35.6p to 39.9p.

In the period, gross income totalled £2.59m (£2.18m) and net income £1.87m (£1.54m), or 8.13p (6.7p) per share.

The final dividend is 5.5p, which raises the total from 6p to 7.75p.

F&C Pacific nav up 17%

Net assets of F&C Pacific Investment Trust increased by 17.4 per cent from 193.8p per share at January 31 1989 to 227.5p at July 31. At end-July 1988 the figure was 174.6p.

Total gross revenue for the six month period was £3m (£3.06m) and the pre-tax profit £1.79m (£1.87m). After tax of £656,000 (£622,000) earnings are down from 1.17p to 1.06p. The interim dividend is raised to 0.5p (0.4p). The directors said the income for the half year was not necessarily indicative of the annual total.

Acquisitions lift BLP to £1.7m

Including first-time contributions from Woodtape North American and Berg, the BLP Group showed a pre-tax profit advance from £923,000 to £1.7m in the six months to June 30.

This was achieved on turnover more than doubled to £19.09m (£8.4m). The group, quoted on the USM, makes real wood laminates and wrapped mouldings. The comparative figures have been adjusted to take in TBS Fabrications.

Mr John Goodman, chairman, said he regarded the results as satisfactory against the background of difficult trading conditions in the furniture and DIY industries in the UK and US.

Although the acquisition of Berg gave the group a wider spread of activities, the year will affected by the continuing difficulties.

Earnings on higher capital came to 4.4p (4p adjusted); the interim dividend is 1.5p (1.25p).

Goodwin erases first-half loss

Goodwin, engaged in engineering and metal processing, finished the year ended April 30 1989 with a profit of £332,000, a slight improvement on the previous £320,000.

But it meant that the near £500,000 loss of the first half was erased.

Turnover rose to £11.62m (£10.98m). The current order book was satisfactory but margins were reduced by inflation, the directors stated.

Earnings were 2.9p (2.8p) and the dividend again 0.6p.

Reduced profits of £405,000 for Wills

Reduced pre-tax profits of £405,000 were announced by Wills Group, importer and financial services company, for the six months to June 30, compared with a previous £535,000. Turnover rose from an adjusted £12.5m to £13.94m.

Directors were confident that the second half would produce a good level of profitability.

Following the rescission by the Bank of New Zealand of the agreement to purchase FJ Hawkes a programme to reduce the exposure and hence gearing levels has been undertaken. Its figures are not included in the results. Opportunities for either the sale or refinancing of FJ Hawkes (Australia) were being pursued.

Earnings were unchanged at 2.4p per share. There was an extraordinary £341,000 debit relating to the rescission.

Wills is a subsidiary of Australian Investors Corporation.

Citygrove higher at £3.05m

Citygrove, investment and property development, reported pre-tax profits up from £2.28m to £3.05m in the six months ended May 31 on a turnover of £46.57m compared with £29.15m.

The cost of sales in the period amounted to £42.17m (£26.34m) leaving a gross profit of £4.4m (£2.82m). Net interest payable was up sharply at £828,000 (£38,000). Tax took £1.12m (£833,000) leaving earnings per share of 18.04p (14.66p) basic and 14.72p (11.12p) fully diluted. There was an extraordinary debit of £323,000 (nil). The interim dividend is 3p (2.5p).

Blackland Oil joins Third Market

Blackland Oil has joined the Third Market, sponsored by Neilson Milnes. It is an onshore explorer and producer mainly in the east Midlands.

The original company was created as Blackland Exploration in 1974 to exploit gold in the Welsh mountains. It moved into the oil business in 1981 applying for acreage in partnership with Charterhouse Petroleum.

Earlier this year it bought the east Midlands oil and gas agreage of Floyd Coal. Part of the assets were later involved in an acreage swap with Pentex (East Midlands).

More results on Page 13

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Adwest	fin	5.75	Nov 24	4.86*	7	5.875*
Baltic	int	1.7	-	1.44	-	3.36
BLP Gp §	int	1.5†	Nov 29	1.25	-	3.6
Capd and Regi§	int	0.3	Nov 10	0.2	-	0.6
Citygrove	int	3	Nov 24	2.5	-	7.5
Clarkson (H)	int	2.5	Nov 27	2.25	-	6.25
Coates Bros	int	2.6	Dec 29	2.4	-	8.2
Courtney Pope	fin	5	Nov 16	4.5	8.5†	7
F&C Pacific	int	0.5	Nov 1	0.4	-	1.2
Goodwin	fin	0.6	-	0.6	0.6	0.6
Ilco	fin	0.5	-	2.5	0.5	4
Panfida	fin	0.5†	Jan 29	1.75	1‡‡	2.25
Sherwood Gp §	int	2.3†	Nov 24	1.6	-	5.5
Swallowfield §	int	2.2	Nov 14	-	-	3
Throgmorton Dual	fin	5.5	Nov 23	4	7.75	6
Trusthouse Forte	int	3.5‡	Oct 31	1.76	-	8.4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡Includes 1p special. ‡‡For nine months.

MARKET STATISTICS

BANK RETURN

BANKING DEPARTMENT	Wednesday September 27, 1989	Increase or decrease for week	
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	69,736,931	-	1,751,121
Bankers Deposits	1,480,992,803	-	10,427,714
Reserve and other Accounts	2,242,729,934	-	81,004,559
	3,808,012,668	-	93,183,394
ASSETS			
Government Securities	1,492,131,660	-	440,635,182
Advance and other Accounts	864,874,362	-	38,707,521
Premises Equipment & other Secs	1,441,832,633	+	385,768,414
Notes	9,365,981	-	1,613,142
Coin	206,032	+	4,037
	3,808,012,668	-	93,183,394
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,020,634,019	+	11,613,142
Notes in Banking Department	9,365,981	-	1,613,1428
	15,030,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	14,290,634,329	-	242,818,032
Other Securities	728,350,571	+	252,818,032
	15,030,000,000	+	10,000,000

ECONOMIC DIARY

TODAY: European Community ministers meet in Paris to debate future of television. Lebanon's parliament is expected to meet in Saudi Arabia to discuss political reforms aimed at ending the civil war. Second part of Communist Party central committee plenary meeting in Warsaw. Start of two-day Bar conference in London.

TOMORROW: *Mr Yasser Arafat,* PLO leader, begins visit to Japan (until October 4).

MONDAY: Central Statistical Office publishes final August retail sales figures and credit business (August). European *Community general affairs* council meets in Brussels (until October 3). Labour Party conference opens in Brighton (until October 6). European Community foreign ministers meet in Luxembourg (until October 3). *Financial* Times conference on "Retail financial services" in London (until October 3). *Resumption of START* talks in Geneva. International Bar Association conference in Strasbourg (until October 6). Confederation of European Agriculture general assembly opens in Cardiff. Mr John MacGregor, Education Secretary, attends Secondary Heads Association conference in *Huntingdon.*

TUESDAY: The Treasury issues figures for UK official reserves in September. Bank of England publishes statistics for capital issues and redemptions for September. US budget monthly statement (September). King Juan Carlos of Spain visits Poland (until October 5). *PE-Inbucon survey of salaries and benefits.* Institute of Economic Affairs launch "Mounting Greenery" book.

WEDNESDAY: Department of Employment gives figures for overseas travel and tourism in July and a detailed analysis of employment unemployment, earnings, prices and other indicators. Housing starts and completions for August are produced by the Department of the Environment, *while the Department of Energy* issues advance energy statistics for August.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. 89 Vol	Last	Feb. 90 Vol	Last	May 90 Vol	Last	Stock
Gold C	$ 380	27	4	37	11	-	-	$ 366.90
Gold C	$ 390	2	1.90	30	8.50	219	14	$ 366.90
		Oct. 89		Jan. 90		Apr. 90		
EOE Index C	Fl. 300	510	15	-	-	-	-	Fl. 313.14
EOE Index C	Fl. 310	268	7.30	16	15.60	34	21	Fl. 313.14
EOE Index C	Fl. 315	287	4.40	-	-	-	-	Fl. 313.14
EOE Index C	Fl. 320	348	2.30	42	10.40	5	15.50	Fl. 313.14
EOE Index C	Fl. 325	122	1.20	-	-	-	-	Fl. 313.14
EOE Index P	Fl. 290	-	-	195	2.50	-	-	Fl. 313.14
EOE Index P	Fl. 300	564	0.80	105	4	5	6.50	Fl. 313.14
EOE Index P	Fl. 305	70	1.40	-	-	-	-	Fl. 313.14
EOE Index P	Fl. 310	447	2.70	21	7.30	-	-	Fl. 313.14
EOE Index P	Fl. 315	745	4.70	-	-	-	-	Fl. 313.14
EOE Index P	Fl. 320	242	7.60	30	11.50	-	-	Fl. 313.14
EOE Index P	Fl. 325	246	11.50	-	-	-	-	Fl. 313.14
		Oct. 89		Nov. 89		Dec. 89		
$/Fl C	Fl. 210	138	3.30	33	4.60	97	5.50	Fl. 211.28
$/Fl C	Fl. 215	59	1.40	593	2.30	307	3.30	Fl. 211.28
$/Fl C	Fl. 220	41	0.50	200	1.30	118	1.50	Fl. 211.28
$/Fl C	Fl. 225	3	0.30	-	-	59	1.10	Fl. 211.28
$/Fl P	Fl. 205	115	1	-	-	59	2.80	Fl. 211.28
$/Fl P	Fl. 210	25	2.20	72	3.30	247	4.10	Fl. 211.28
$/Fl P	Fl. 215	107	5.20 a	3	6.10	31	7	Fl. 211.28
$/Fl P	Fl. 220	13	9.20	43	10.20	21	10.50	Fl. 211.28
		Oct. 89		Jan. 90		Apr. 90		
ABN C	Fl. 40	35	3.30	251	5.10	2	6	Fl. 43.30
ABN P	Fl. 45	105	1.90	15	2.10 b	4	2.50	Fl. 43.30
Aegon C	Fl. 115	-	-	268	4.50 a	-	-	Fl. 112.10
Ahold C	Fl. 135	-	-	89	9	-	-	Fl. 136.10
Ahold P	Fl. 135	-	-	30	6.30	-	-	Fl. 136.10
Akzo C	Fl. 140	769	3	396	6.80	22	11	Fl. 139.50
Akzo P	Fl. 140	227	2.60	283	5.20	11	5.80	Fl. 139.50
Amev C	Fl. 55	14	2.30	64	4.50	-	-	Fl. 55.90
BUHRMANN-T C	Fl. 70	37	2	25	4.50	-	-	Fl. 70.70
DAF N.V. C	Fl. 55	42	0.60	71	2.60	4	4.10 b	Fl. 53
N.V. DSM C	Fl. 125	440	2.80	571	8	55	11.50	Fl. 125.20
N.V. DSM P	Fl. 120	573	0.70	66	2.40	36	4.20	Fl. 125.20
Elsevier C	Fl. 80	19	1.20	15	4.20	33	6.20	Fl. 78.60
Gist-Broc. C	Fl. 35	37	0.80	260	2.80	-	-	Fl. 35.10
Gist-Broc. P	Fl. 35	36	0.50	220	1.80	-	-	Fl. 35.10
Heineken C	Fl. 120	1	18.50	103	21	-	-	Fl. 138.50
Heineken P	Fl. 120	-	-	300	1.20	-	-	Fl. 138.50
Hoogovens C	Fl. 100	1140	1.80	122	6.70	7	10	Fl. 95.70
Hoogovens P	Fl. 90	110	0.80	237	3.60 b	13	5	Fl. 95.70
KLM C	Fl. 55	391	0.30	617	2	163	3.80	Fl. 51.30
KLM P	Fl. 50	910	0.60	98	1.70	104	2.50	Fl. 51.30
KNP C	Fl. 55	20	1	106	3.50	38	5.20	Fl. 54.10
KNP P	Fl. 55	10	1.60 b	30	3 b	8	4.30	Fl. 54.10
NEDLLOYD C	Fl. 100	-	-	150	4.20	-	-	Fl. 94.60
NEDLLOYD P	Fl. 94	46	2 b	-	-	-	-	Fl. 94.60
NMB C	Fl. 270	43	6	-	-	-	-	Fl. 270.50
Nat. Ned. C	Fl. 80	-	-	157	0.80	-	-	Fl. 71.10
Nat. Ned. P	Fl. 70	105	0.70	26	1.80	-	-	Fl. 71.10
Philips C	Fl. 45	777	3.60	266	5	86	6.20	Fl. 48.10
Philips P	Fl. 50	163	2.70	-	-	33	4.90	Fl. 48.10
Royal Dutch C	Fl. 150	289	0.90	354	4.80	38	7.80	Fl. 143.90
Royal Dutch P	Fl. 150	73	6.40	477	7.60	221	8.30	Fl. 143.90
Unilever C	Fl. 150	104	5.50	409	9	270	12	Fl. 153.60
Unilever P	Fl. 150	46	0.80	401	3.20	12	4.50	Fl. 153.60
Van Ommeren C	Fl. 45	121	0.10	5	0.90	-	-	Fl. 35.60
Van Ommeren P	Fl. 30	225	0.20	-	-	-	-	Fl. 35.60

TOTAL VOLUME IN CONTRACTS : 43,672

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	14	Clydesdale Bank	14	NatWestminster	14
Adam & Company	14	Comm. Bk. N. East	14	Northern Bank Ltd	14
Allied Trust Bank	14	Co-operative Bank	*14	Norwich Gen. Trust	14
Allied Irish Bank	14	Coutts & Co	14	PRIVATbanken Limited	14
● Henry Ansbacher	14	Cyprus Popular Bk	14	Provincial Bank PLC	15
Associates Cap Corp	14	Dunbar Bank PLC	14	● R. Raphael & Sons	14
Authority Bank	14	Duncan Lawrie	14	Roxburghe Guarantee	14½
● B & C Merchant Bank	14	Equatorial Bank plc	14	Royal Bk of Scotland	14
Bank of Baroda	14	Exeter Trust Ltd	14½	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	Financial & Gen. Bank	14	● Smith & Williamson Secs	14
Bank Hapoalim	14	First National Bank Plc	15	Standard Chartered	14
Bank Credit & Comm.	14	● Robert Fleming & Co	14	TSB	14
Bank of Cyprus	14	Robert Fraser & Ptrs	14½	United Bk of Kuwait	14
Bank of Ireland	14	Girobank	14	United Mizrahi Bank	14
Bank of India	14	● Guinness Mahon	14	Unity Trust Bank Plc	14
Bank of Scotland	14	HFC Bank plc	14	Western Trust	14
Banque Belge Ltd	14	● Hambros Bank	14	Westpac Bank Corp	14
Barclays Bank	14	Heritable & Gen Inv Bk	14	Whiteaway Laidlaw	14
Benchmark Bank PLC	14	● Hill Samuel	§14	Yorkshire Bank	14
Brit Bk of Mid East	14	C. Hoare & Co	14		
● Brown Shipley	14	Hongkong & Shangh.	14		
Business Mtge Bank	14½	● Leopold Joseph & Sons	14		
CL Bank Nederland	14	Lloyds Bank	14		
● Charterhouse Bank	14	Meghraj Bank Ltd	14		
Citibank NA	14	McDonnell Douglas Bck	14		
City Merchants Bank	14	Midland Bank	14		
		Mount Banking	14		
		Nat. Bk. of Kuwait	14		

● Members of British Merchant Banking & Securities Houses Association. * Deposit rate 5.9% Sureside 8.5%, Top Tier-£10,000+ instant access 12.8% § Mortgage base rate. § Demand deposit 9%. Mortgage 14.25% - 15%

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Friday September 29 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Sep 28 Index No.	Wed Sep 27 Index No.	Tue Sep 26 Index No.	Year ago (approx) Index No.	1989 High		1989 Low		Since Compilation High		Since Compilation Low	
1 CAPITAL GOODS (208)	963.87	+0.6	11.43	4.34	10.71	24.39	957.73	971.03	973.24	795.07	1012.97	18/8	775.54	3/1	1038.07	16/7/87	50.71	13/12/74
2 Building Materials (29)	1167.78	+1.4	13.15	4.72	9.50	29.34	1151.39	1164.92	1173.25	986.38	1257.14	19/5	939.06	3/1	1381.08	16/7/87	44.27	11/12/74
3 Contracting, Construction (37)	1571.87	+0.5	15.46	4.81	8.44	41.25	1563.26	1574.60	1588.36	1571.42	1881.66	14/3	1468.31	3/1	1951.50	16/7/87	71.48	2/12/74
4 Electricals (10)	2830.58	+0.5	9.40	4.28	13.38	55.83	2817.12	2886.75	2866.57	2214.62	3040.88	8/9	2294.30	3/1	3040.88	8/9/89	84.71	25/6/62
5 Electronics (30)	2125.72	+0.8	9.13	3.45	14.14	48.92	2107.98	2134.58	2132.56	1714.22	2308.22	19/5	1776.44	3/1	2308.22	19/5/89	1229.81	8/10/85
6 Mechanical Engineering (54)	523.38	+0.1	10.66	4.29	11.41	12.43	523.01	529.34	531.16	414.53	558.85	20/7	486.34	3/1	558.05	20/7/89	45.43	5/1/75
8 Metals and Metal Forming (6)	503.48	+1.1	20.42	5.95	5.40	15.15	498.20	509.46	511.73	493.17	562.47	19/5	452.62	3/1	596.67	9/10/87	49.65	6/1/75
9 Motors (19)	372.45	+0.5	9.87	4.26	11.87	9.64	370.63	374.86	373.28	283.14	378.65	22/9	258.24	3/1	411.42	13/10/87	19.91	6/1/75
10 Other Industrial Materials (23)	1738.37	+0.3	9.48	4.31	12.45	50.40	1733.90	1764.68	1772.78	1349.58	1881.53	18/8	1311.63	3/1	1881.53	18/8/89	277.55	15/1/81
21 CONSUMER GROUP (184)	1322.87	+0.3	8.32	3.32	15.09	23.49	1319.54	1341.66	1347.54	1062.46	1417.92	4/9	1016.74	3/1	1417.92	4/9/89	61.41	13/12/74
22 Brewers and Distillers (22)	1464.76	-0.3	9.07	3.34	13.79	25.65	1469.48	1482.34	1481.17	1128.88	1583.71	5/9	1112.42	3/1	1583.71	5/9/89	69.47	13/12/74
25 *Food Manufacturing* (20)	1160.48	+0.2	8.82	3.68	14.32	23.38	1158.59	1172.59	1179.98	958.88	1220.42	4/9	926.04	3/1	1220.42	4/9/89	59.67	11/12/74
26 Food Retailing (14)	2520.60	+0.6	8.88	2.78	16.37	38.73	2506.62	2578.27	2619.84	1830.02	2722.30	5/9	1784.64	3/1	2722.30	5/9/89	54.25	11/12/74
27 Health and Household (14)	2514.86	+1.0	6.14	1.89	19.18	22.32	2490.98	2551.49	2555.34	1899.11	2772.31	4/9	1778.20	3/1	2772.31	4/9/89	175.38	28/5/80
29 Leisure (34)	1735.27	-0.1	7.48	3.26	16.49	32.46	1737.24	1771.28	1781.64	1370.09	1845.77	8/9	1346.22	3/1	1845.77	8/9/89	54.83	9/1/75
31 Packaging & Paper (15)	595.99	.....	10.46	4.37	11.87	15.78	595.69	600.16	604.74	535.44	623.86	4/9	523.08	3/1	739.48	16/7/87	43.46	6/1/75
32 Publishing & Printing (19)	3742.44	+0.3	8.49	4.50	15.15	98.58	3732.54	3781.25	3794.28	3346.58	3916.24	8/2	3236.76	4/1	5070.66	5/10/87	55.08	6/1/75
34 Stores (32)	842.49	+0.1	10.22	4.38	12.77	18.54	841.58	854.85	856.55	745.14	921.71	4/9	679.97	3/1	1160.58	29/7/87	52.63	6/1/75
35 Textiles (14)	568.95	.....	9.97	5.14	12.11	15.40	569.11	570.99	574.11	582.29	586.98	21/9	464.58	0/0	914.52	2/10/87	62.66	11/12/74
40 OTHER GROUPS (93)	1181.13	+0.1	9.95	4.11	12.18	25.42	1179.62	1193.43	1195.55	908.37	1225.60	5/9	896.15	3/1	1225.60	5/9/59	58.63	6/1/75
41 Agencies (17)	1553.51	-0.2	6.79	2.32	18.17	23.12	1556.89	1566.88	1556.86	1062.68	1630.70	5/9	1030.84	3/1	1795.57	17/7/87	870.35	4/12/87
42 Chemicals (22)	1284.11	+0.9	11.59	4.87	10.17	41.28	1272.65	1285.27	1302.14	1064.15	1370.94	11/8	1026.37	3/1	1545.46	5/10/87	71.20	1/12/74
43 Conglomerates (13)	1658.19	+0.1	10.31	4.92	11.41	28.94	1656.98	1680.87	1688.95	1235.12	1819.46	11/8	1254.94	3/1	1819.46	11/8/89	975.19	10/11/87
45 Transport (13)	2374.93	+0.2	9.39	3.93	13.62	44.09	2370.57	2389.49	2393.27	1923.62	2554.69	12/7	1836.25	4/1	2554.69	12/7/89	90.80	29/6/62
47 *Telephone Networks* (2)	1148.38	-0.3	10.65	4.32	12.23	22.38	1151.48	1161.41	1169.76	970.17	1195.84	25/9	1082.43	3/1	1274.14	9/6/87	517.92	30/11/84
48 Miscellaneous (26)	1938.06	+0.1	9.80	3.34	12.56	44.32	1935.62	1971.70	1945.87	1210.34	2087.06	11/7	1183.56	5/1	2087.06	11/7/89	60.39	6/7/75
49 INDUSTRIAL GROUP (485)	1286.97	+0.3	9.59	3.81	12.85	25.13	1283.16	1220.68	1224.45	962.31	1273.71	5/9	935.74	3/1	1273.71	5/9/89	59.01	13/12/74
51 Oil & Gas (15)	2163.03	+0.3	10.02	5.59	13.19	86.44	2157.52	2202.18	2205.56	1765.26	2306.36	13/9	1725.48	0/0	2458.68	16/7/87	87.23	29/5/62
59 *500 SHARE INDEX (500)*	1288.21	+0.3	9.65	4.05	12.89	30.18	1284.24	1303.98	1307.74	1030.52	1355.68	5/9	1002.83	3/1	1369.88	16/7/87	63.49	13/12/74
61 FINANCIAL GROUP (121)	798.30	.....	-	5.22	-	26.38	798.45	807.84	807.30	609.62	824.58	8/9	670.86	3/1	896.67	13/10/87	55.88	13/12/74
62 Banks (9)	805.84	-0.3	21.40	6.20	6.14	34.80	808.57	825.32	826.43	675.34	846.87	25/8	657.74	3/1	898.38	16/7/87	62.44	12/12/74
65 Insurance (Life) (8)	1221.95	+1.8	-	5.18	-	45.37	1200.70	1210.16	1207.78	1007.21	1257.98	8/9	933.96	5/1	1285.72	9/10/87	44.88	2/1/75
66 Insurance (Composite) (7)	657.90	-0.4	-	5.75	-	24.09	660.52	660.61	658.78	533.76	682.20	14/9	528.72	3/1	707.58	13/10/87	43.96	13/12/74
67 Insurance (Brokers) (7)	1003.19	+0.7	7.49	6.26	17.78	44.55	996.53	982.56	981.46	944.01	1071.22	8/2	916.68	3/1	1399.56	17/7/87	65.86	16/12/74
68 Merchant Banks (10)	393.30	-0.1	-	4.16	-	9.45	393.58	397.74	396.93	335.84	407.45	5/9	318.05	3/1	547.59	12/10/87	31.21	7/1/75
69 Property (49)	1321.24	-0.2	6.67	3.07	19.10	19.81	1323.84	1340.18	1336.93	1208.32	1398.87	5/9	1198.13	3/1	1398.87	5/9/89	56.01	20/4/65
70 Other Financial (31)	360.90	-0.2	11.06	6.12	11.63	10.74	361.60	364.78	365.76	363.53	391.49	8/2	342.99	3/1	603.48	16/7/87	33.29	17/12/74
71 Investment Trusts (69)	1257.95	+0.2	-	2.69	-	19.44	1255.49	1257.78	1262.55	912.66	1288.84	8/9	922.04	3/1	1288.84	8/9/89	71.12	13/12/74
81 Mining Finance (1)	698.01	+1.1	10.91	3.86	10.30	22.25	690.32	713.41	722.39	596.93	754.47	8/9	561.50	3/1	754.47	8/9/89	66.31	30/9/74
91 Overseas Traders (8)	1404.71	+0.2	9.70	5.56	11.81	43.67	1402.41	1422.87	1427.70	1323.86	1543.93	8/9	1273.76	3/1	1543.93	8/9/89	97.37	6/1/75
99 ALL-SHARE INDEX (699)	1169.55	+0.3	-	4.19	-	28.93	1166.47	1183.48	1186.44	946.27	1225.80	5/9	921.22	3/1	1238.57	16/7/87	61.92	13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 28	Sep 27	Sep 26	Sep 25	Sep 22	Year ago	1989 High		1989 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX‡	2299.4	+7.7	2299.4	2278.3	2291.7	2331.2	2336.1	2359.6	2378.2	1826.5	2426.0	5/9	1782.8	3/1	2443.4	16/7/87	986.9	23/7/84

FIXED INTEREST

PRICE INDICES	Fri Sep 29	Day's change %	Thu Sep 28	xd adj. today	xd adj. 1989 to date
British Government					
1 Up to 5 years	116.18	-0.01	116.19	-	9.42
2 5-15 years	130.68	+0.05	130.61	-	9.84
3 *Over 15 years*	139.91	+0.01	139.89	-	11.64
4 Irredeemables	163.02	+0.05	162.94	-	8.83
5 All stocks	128.46	+0.03	128.42	-	10.03
Index-Linked					
6 Up to 5 years	139.11	+0.02	139.09	-	2.26
7 Over 5 years	137.23	+0.02	137.20	-	2.89
8 All stocks	137.25	+0.02	137.23	-	2.82
9 Debentures & Loans	110.34	+0.58	110.55	0.85	8.24
10 Preference	88.68	+0.36	88.60	0.24	4.48

AVERAGE GROSS REDEMPTION YIELDS		Fri Sep 29	Thu Sep 28	Year ago (approx.)	1989 High		1989 Low	
British Government								
1 Low Coupons	5 years	10.17	10.16	9.75	10.39	30/12	8.88	9/2
2	15 years	9.59	9.59	9.42	9.76	14/6	8.77	9/2
3	25 years	9.45	9.45	9.11	9.59	14/6	8.73	16/2
4 Medium Coupons	5 years	11.14	11.11	10.17	11.33	14/6	9.96	8/2
5	15 years	9.99	9.99	9.64	10.28	14/6	9.21	8/2
6	25 years	9.58	9.57	9.27	9.81	14/6	8.85	17/2
7 High Coupons	5 years	11.25	11.23	10.27	11.44	14/6	10.13	8/2
8	15 years	10.19	10.19	9.80	10.49	14/6	9.41	8/2
9	25 years	9.72	9.72	9.35	9.99	14/6	8.99	27/1
10 Irredeemables	†	9.49	9.49	9.08	9.57	14/6	8.68	15/3
Index-Linked								
11 Inflation rate 5%	5yrs.	3.45	3.43	3.32	4.04	2/6	2.75	21/8
12 Inflation rate 5%	Over 5 yrs.	3.61	3.61	3.90	3.84	5/6	3.41	21/8
13 Inflation rate 10%	5 yrs.	2.62	2.60	2.22	3.30	2/6	1.91	21/8
14 Inflation rate 10%	Over 5 yrs.	3.44	3.44	3.73	3.67	5/6	3.23	21/8
15 Debs & Loans	5 years	12.94	13.24	11.67	13.24	28/9	11.47	30/12
16	15 years	12.15	12.19	11.21	12.19	28/9	11.19	1/2
17	25 years	11.58	11.63	10.89	11.63	28/9	10.66	27/2
18 Preference	†	10.38	10.43	10.25	10.43	27/9	10.00	17/3

‡Opening index 2279.5; 10 am 2282.7; 11 am 2285.3; Noon 2284.2; 1 pm 2288.8; 2 pm 2286.7; 3 pm 2286.5; 3.30 pm 2287.4; 4 pm 2293.8 (a) 5.01pm (b) 9.30am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p.
RECLASSIFICATIONS: Delta (6) has moved into group (4). Laird Group (6) has moved into group (9). NAME CHANGE: Empire Stores (Bradford) (34) has become Empire Stores Group.

EDUCATIONAL

LEGAL NOTICES

Northern Ireland

The Financial Times proposes to publish this survey on:

16 October 1989

For a full editorial synopsis and advertisement details, please contact:

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No. 004878 of 1989

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
AVESCO PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 22nd day of August 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the Company by £21,186,905.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Harman at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 9th day of October 1989.

ANY Creditor or shareholder of the Company desiring to oppose the making of an Order for the confirmation of the said reduction of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned solicitors on payment of the regulated charge for the same.

DATED this 30th day of September 1989

Berwin Leighton
Adelaide House
London Bridge
London EC4R 9HA

Ref: IL
Solicitors for the Company.

PERSONAL

AUTHORS Your book published. For details: FT, Excalibur Press of London, 13 Knightsbridge Green, London SW1X 7QL.

INTERNATIONAL COMPANIES AND FINANCE

Pirelli lifts profits 14% and aims to raise L620bn

By John Wyles in Rome

ITALY'S PIRELLI group yesterday coupled publication of a 14.3 per cent rise in its consolidated six months net profits with an announcement of a L620bn ($452m) capital increase.

The holding company's decision to raise fresh funds follows the flotation in June of 23.6 per cent of its tyre operations through a placement in Amsterdam of shares in Pirelli Tyre Holding, its 65 per cent-owned subsidiary. About L420bn of the new capital will be raised through issuing 153.8m shares on a one-for-six basis to holders of ordinary and savings shares, and on a one-for-12 basis for holders of Industrie Pirelli convertible bonds.

A further L200bn will be sought through an international bond issue, with a term not exceeding 10 years and denominated in principal Euro-market currencies.

The bonds will carry warrants for Pirelli Spa ordinary shares, priced at 10 per cent above the market price at the time of issue and worth not less than L3,256 per share. A maximum of 60m ordinary shares will be issued to service the warrants.

The company said yesterday that both sales and profits had shown "appreciable progress in the six months to the end of June."

Sales were 18.2 per cent higher than in the first half of last year, at L5,236bn, and net profits were L152bn, compared with L133bn. Excluding Armstrong, the US tyre company acquired in May 1988 and which featured for one month of last year's results, sales rose 11.6 per cent.

Cables accounted for 42.8 per cent of sales, tyres 41.4 per cent and others 15.8 per cent. The geographical breakdown shows 64.2 per cent of sales coming from Europe, 16.2 per cent from North America, 14.5 per cent from Central and South America and 5.1 per cent from Australia, Africa and Asia.

Net indebtedness after the tyre company's capital increase was L2,801bn, which was 0.77 per cent of net capital compared with 0.89 per cent.

Leopold Pirelli: founder of the Pirelli tyre group

Links with Spedley force ANI into the red

By Chris Sherwell

AUSTRALIAN NATIONAL Industries (ANI), the large engineering group now under the control of Mr Kerry Packer, the businessman, has plunged dramatically into the red as a result of its costly involvement with the collapsed Spedley group.

Figures released yesterday showed an equity-accounted operating loss after tax of A$74.9m (US$58.5m) for the year to June, a stunning reversal from the previous year's A$74.8m profit.

A further extraordinary loss of A$28.8m left the bottom line at a negative A$103.6m, a 36 per cent increase in turnover to a record A$1.97bn.

The most surprising feature of the figures was that the group's A$200.6m tax-adjusted write-off arising from its exposure to Spedley was taken above the line – a move justified by ANI's regular involvement over the years in lending money to Spedley.

Otherwise the figures were broadly in line with those foreshadowed in a report published in May by Potter Warburg, merchant bankers, when ANI was defending itself against an on-market offer from Mr Packer which gave his Consolidated Press Securities a 48 per cent stake.

ANI said the group's operating profit before tax and the Spedley adjustment of A$144.7m was a record, and that the current year was ahead of these levels and above forecasts.

But directors passed the final dividend, saying their immediate objective was to reduce the debt caused by advances to Spedley through the sale of non-core assets.

Their decision left the 5.5 Australian cents interim dividend as the total for the year.

Regarding the Sheffield-based Aurora engineering group, which it acquired during the year, ANI said a detailed review of the company's operations indicated there were opportunities for profit improvement.

"We are currently engaged in an aggressive management programme to rationalise and improve the business," it said.

ANI's problems first surfaced in April, when it emerged that the company had a gross exposure of A$231m in bills of exchange and advances to the Spedley group, which was controlled by Mr Brian Yuill, a businessman. Yesterday's A$29m extraordinary loss, reported alongside the A$200m write-off, also arose from dealings with Spedley.

Australian banks build cross stakes

By Chris Sherwell in Sydney

THE National Australia Bank (NAB) and the Australia and New Zealand Banking (ANZ) group, the country's second and third largest commercial banks, confirmed yesterday that they had taken cross-holdings in each other, fuelling speculation about a merger.

Mr Nobby Clark, NAB's managing director, said the bank had acquired "several parcels of shares" in ANZ as a commercial investment which offered sound returns. He added that no merger discussions had been or were taking place.

In a separate announcement, Mr Will Bailey, ANZ's chief executive, said his bank had acquired in recent weeks several share parcels in listed banks, including a package of NAB shares. He said the purchases were made as part of a portfolio investment and did not indicate any other intentions.

The past few days have seen unusually heavy trading in NAB and ANZ stock, and in the shares of Westpac Banking Corporation, the largest of Australia's private sector banks.

One acknowledged seller of NAB and ANZ shares is the Adelaide Steamship group, controlled by Mr John Spalvins, the entrepreneur. His company has strategic stakes in all three banks. Adsteam confirmed on Thursday that it had reduced its holding of NAB shares from 14.3 per cent to 11.1 per cent, but gave no details of its ANZ stake, which was just below 10 per cent.

Suggestions of a possible rationalisation of Australia's banks have been mooted for some time. But until now, analysts have forecast links between Westpac, with headquarters in Sydney, and either the NAB or ANZ, both based in Melbourne. The other Melbourne bank was then expected to link up with the federal government-owned Commonwealth Bank, the fourth bank among Australia's Big Four.

These projections depended on the privatisation of the Commonwealth Bank, but resistance from the ruling Labor Party and the bank employees' union frustrated any such plan. Westpac is now thought to have built up stakes in the smaller Advance and Challenge banks.

A tie between the NAB and ANZ, apart from conferring advantages of size, is considered to be advantageous less for their domestic operations than for their respective overseas activities, as it would bring together the NAB's Clydesdale Bank and Northern Bank in the UK and the ANZ's Grindlays Bank operations.

Paribas boosts stake in Mixte

By William Dawkins in Paris

PARIBAS, the leading French investment bank, yesterday announced it had boosted its stake in Navigation Mixte, a French conglomerate with interests in insurance, food, champagne and banking, from 1.8 per cent to 7 per cent.

The bank is the latest in a series of big investors to have recently built up stakes in Navigation Mixte. The conglomerate, which owns three of the very few independent insurance businesses left in France, has attracted growing speculative interest in the wake of a wave of takeovers to sweep the local insurance industry over the past 18 months.

Mr Marc Fournier, Navigation Mixte president, is believed to be keen to attract loyal institutional investors to defend the group against Assurance Générales de France, the country's second largest insurance group, which has gradually built up a stake of more than 10 per cent in his company.

Navigation Mixte's shares were suspended this week at Mr Fournier's request. The suspension will last until next Monday, when the president intends to announce his plans. Until then the group is withholding comment.

Last year Navigation Mixte's insurance companies – Via Assurances, Via IARD and Rhin et Moselle Vie – reported FFr6.87bn ($1.08bn) of premium income. This represented nearly 38 per cent of the group's total FFr18bn turnover.

Existing institutional investors say that Allianz, the West German insurer, Swiss Re and Crédit Agricole, the French banking group, are among the principal candidates to join the new grouping of shareholders loyal to Mr Fournier.

Funds snag hits A$2bn bid for IEL

By Chris Sherwell

THE A$1.9bn (US$1.5bn) management-led bid to take over Industrial Equity (IEL), the Australian arm of Sir Ron Brierley's business empire, has struck snags over funding.

The announcement coincides with publication of IEL's annual results for the year to June, which show a hefty six-fold increase in after-tax operating profits of A$265.7m (equity-accounted: A$283m) on a 75 per cent rise in overall revenues to A$10bn.

The results include a profit of A$150m from the A$1.27bn sale of IEL's 51 per cent stake in Industrial Equity Pacific to its parent, Brierley Investments of New Zealand.

The latest developments in the bid for IEL involved Corama, the takeover vehicle linking Mr Abe Goldberg, the textile magnate, and Messrs Rod Price and Bill Loewenthal, IEL executives. It said uncertainty over interest rates had delayed agreement with Citibank and Bankers Trust for another three to four weeks.

Corama bought 20 per cent of IEL from Brierley Investments in July. It contracted to buy its remaining 32 per cent and another 20 per cent held by Goodman Fielder Wattie, the big foods group. Last month it expanded the plan to a full bid.

The key determinant of the bid's success is Mr John Spalvins, head of the Adelaide Steamship group, who has built up a strategic stake of about 18 per cent in IEL.

This week he announced a A$366m capital-raising, and reaped a tidy profit disposing of shares in the National Australia Bank and ANZ Bank.

On the stock exchange yesterday IEL finished two cents higher at A$2.27, still significantly below Corama's planned A$2.40 per share takeover offer.

Pritzkers seek to acquire all shares in Hale

By Michael Marray

THE PRITZKER family of Chicago, owner of the Hyatt Hotel chain, intends to make a general offer to shareholders of Hong Kong-listed Hale Corporation, following a restructuring under which the Southern Pacific Hotel Corporation will effectively become a wholly-owned subsidiary of Hale.

Under the first part of the deal, a Pritzker family trust will exercise a put option requiring Hale to acquire its 33 per cent holding in the hotel group for HK$860m (US$110m). Payment will be in cash, promissory notes and an issue of new Hale shares.

The share issue will boost the Pritzkers' stake in Hale to about 30 per cent of the enlarged share capital, compared with 23 per cent now.

On completion of the deal it will make a general offer of 50 cents per share for all outstanding shares.

The Pritzkers' involvement with Hale began last year when they teamed up with a number of Hong Kong-based entrepreneurs in a HK$3bn deal to buy Southern Pacific from Mr Khoo Teck Puat, a Malaysian businessman.

Correction

Bond Corp Intl

BOND Corporation International made net attributable profits of HK$1.93bn for the year ended June 1989. The figure was wrongly given as HK$1,935.6bn yesterday.

Regulators order KLM to cut NWA investment

By Roderick Oram in New York

THE US Department of Transportation confirmed yesterday that KLM Royal Dutch Airlines would reduce its role in NWA, parent of Northwest Airlines, to allay regulators' fears that it would have too strong an influence over the US carrier.

Judging by the KLM agreement, regulators may also put pressure on British Airways to cut its stake in the planned buy-out of UAL, parent of United Airlines.

KLM is limiting itself to providing a maximum 25 per cent of NWA's new cash equity, while BA is proposing to commit 78 per cent of UAL's $965m in new equity.

BA and the UAL management team leading the buy-out are arguing that the new equity base will be much larger, and thus BA's contribution smaller. They say that $200m a year in wage concessions from employees to fund their employee stock ownership plan will contribute an additional $1.2bn of equity over six years, cutting BA's share to 35 per cent.

In addition, BA could also sell more quickly UAL preferred stock it would hold, to reduce the stake to 21 per cent.

The Transportation Department has given KLM six months to reduce its investment in NWA from $400m, or 57 per cent of the equity, to $175m, or 25 per cent.

Mr Al Checchi, the Los Angeles investor who led the buy-out of NWA, said he was confident he could find new capital in that time.

KLM will keep one seat on the 12-person NWA board, although its representative will have to be absent from meetings on certain issues.

The regulators appeared to back away from a strong stand on the company's high debt level. Mr Samuel Skinner, Transportation Secretary, and other officials have been expressing concern that high debt could impair safety, service and investment in new aircraft.

Bosch to buy US tools company

ROBERT BOSCH, the West German automotive components and electronics group, expects to spend about $220m acquiring Vermont American Corporation of Louisville, Kentucky, which makes electronic machine tools, writes David Goodhart in Bonn.

Bosch announced yesterday that it had reached provisional agreement to take over the company, in a joint venture with Emerson Electric of the US. They are offering $40 per share, which values the company at about $440m.

Vermont has annual sales of $330m and employs about 3,900 people. Bosch has recently been expanding in the field of machine tools where it now claims annual sales of about DM1.7bn ($904m).

Bertelsmann advances by 16%

By Haig Simonian in Gütersloh

NET PROFITS at Bertelsmann, the West German-based international media group, rose by 16 per cent to DM420m ($228m) in the year ended June, against DM362m the previous year.

Sales at the company, which entered a new stage of growth almost three years ago when it bought Doubleday publishing and RCA Music in the US, climbed by 10.2 per cent to DM12.48bn. The foreign share of turnover rose 1 per cent to 68 per cent.

Mr Mark Wössner, the chief executive, said 1988-89 had been "a very good consolidation year," with results ahead of expectations. He drew attention to the improved quality of Bertelsmann's financial parameters, many of which had now returned to the benchmark levels of 1985-86, before its big US acquisitions.

Last year's earnings increase was independent of a DM70m drop in group taxation to DM209m. The net figures hid a variety of changes, including substantial reserves against parity changes, he said.

Sales this year should rise 4 per cent to DM14bn, along with a 10 per cent rise in operating profits to DM1.02m and a 28 per cent jump in net earnings to between DM540m and DM550m.

The group declined to give a breakdown of profits by division. However, it confirmed that operating losses in electronic media, which includes its 40 per cent stake in the private German television channel RTL Plus, had fallen to DM20m – DM6m net – and should move into the black in 1989-90.

Meanwhile sales at the two biggest divisions – Gruner + Jahr, the magazines group, and book and record clubs – rose by 8 per cent to DM2.97bn and by a similar percentage rise to DM2.84bn respectively.

Confirming investments of DM1.35bn this year, Mr Wössner ruled out any "spectacular mega-acquisitions," along the lines of those seen in the US.

Century City plans US development

By Michael Marray in Hong Kong

RICHFIELD International, the property and investment unit within Mr Lo Yuk Sui's Century City Group, plans a US$300m property development in Los Angeles. This will include a 500-room hotel, serving as Regal Hotels' flagship for the US west coast.

The Crown Hill site in Los Angeles was acquired for $24m in 1988.

The project will also feature residential, office and retail facilities, with the first phase scheduled to be completed by 1992.

Regal Hotels is part of the Century City Group and, like many Hong Kong hotel companies, has been expanding aggressively in North America. It owns two hotels in Toronto and acquired a controlling stake in the Aircoa hotel management chain in the US last year.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$366.00	+0.75	$398.25	$412.25	$356.5
Silver Per troy oz	324.8p	-5.3	374.2	358.85p	313.90p
Aluminium 99.7% (cash)	$1764.0	+38.5	$2390	$2610	$1684
Copper Grade A (cash)	£1750.5	-80.5	£1491	£1982.5	£1474
Lead(cash)	£460.5	-5.0	£363	£473.5	£387
Nickel (cash)	$10850	-75	$11100	$19350	$10525
Zinc (cash)	$1645	+55	$1306	$2107.5	$1497.5
Tin (cash)	$8587.5	+495.5	£4455	$10760	$7460
Cocoa Futures (Dec)	£740	-50	£747	£947	£715
Coffee Futures (Nov)	£761	-13	£1130	£1270	£741
Sugar (LDP Raw)	$353	-1	$252.5	$363.6	$235.8
Barley Futures (Jan)	£107.75	+0.25	£106.1	£113.50	£100.95
Wheat Futures (Jan)	£111.55	+0.40	£108.3	£121.65	£104.7
Cotton Outlook A Index	80.20c	-2.25	57.75c	84.95c	61.35c
Wool (64s Super)	597p	-3	655p	710p	585p
Rubber (Spot)	56.0p	-1.5	61.25p	64p	55p
Oil (Brent Blend)	$18.47	+0.95	$13.245	$21.35	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.90-6.05q	+.175
Brent Blend	$18.42-8.52w	+0.42
W.T.I. (1 pm est)	$20.05-0.10q	+0.25
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$215-217	+2
Gas Oil	$175-177	+4½
Heavy Fuel Oil	$96-97	+1
Naphtha	$155-157	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$366.0	-0.5
Silver (per troy oz)♣	522c	-5
Platinum (per troy oz)	$495.00	+3.75
Palladium (per troy oz)	$140.25	+2.00
Aluminium (free market)	$1765	+60
Copper (US Producer)	136⅝-144c	
Lead (US Producer)	40.5c	
Nickel (free market)	495c	-5
Tin (Kuala Lumpur market)	22.00r	+0.36
Tin (New York)	397.5c	+20.0
Zinc (US Prime Western)	80.25c	
Cattle (live weight)†	116.04p	+0.98*
Sheep (dead weight)†	144.98p	+5.66*
Pigs (live weight)†	105.05p	+3.64*
London daily sugar (raw)	$353y	-5
London daily sugar (white)	$412y	-15
Tate and Lyle export price	£331.5	-6.5
Barley (English feed)	£108.5x	
Maize (US No. 3 yellow)	£129w	
Wheat (US Dark Northern)	£127.5w	+3.5
Rubber (spot)♥	56.0p	-0.5
Rubber (Nov)♥	58.0p	-0.5
Rubber (Dec)♥	59.75p	-0.50
Rubber (KL RSS No 1 Oct)	223.0m	-1.5
Coconut oil (Philippines)§	$510v	
Palm Oil (Malaysian)§	$327.5w	
Copra (Philippines)§	$315	
Soyabeans (US)	£161q	-1
Cotton "A" index	80.2c	+0.1
Wooltops (64s Super)	597p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. t-Aug/Sep. v-Sep/Oct. w-Oct. q-Nov. z-Dec. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low	
Nov	18.18	17.90	18.20	18.08
Dec	17.98	17.75	17.97	17.86
Jan	17.85	17.68	17.82	17.74
IPE Index	17.85	17.68		

Turnover: 9870 (8208)

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Sep	693	900	696	687
Dec	740	774	760	730
Mar	722	741	728	708
May	733	747	734	719
Jul	748	761	748	732
Sep	768	779	765	753
Dec	790	802	790	776

Turnover: 12703 (7028) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Sep 28 857.57 (883.44) :10 day average for Oct 2 894.19 (900.73)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Sep	760	749	760	757
Nov	761	767	779	760
Jan	768	774	780	768
Mar	785	790	791	782
May	805	806	808	796
Jul	817	830	820	820
Sep	838	850	840	838

Turnover: 2985 (2485) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Sep 28: Comp. daily 68.79 (68.76). 15 day average 68.86 (69.02)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	324.00	324.00	325.00	323.00
Dec	321.00	314.00	310.00	
Mar	315.80	308.80	316.00	305.40
May	310.00	304.00	309.00	301.00
Aug	303.60	298.00	303.00	296.00
Oct	291.80	287.00	292.00	286.00
White	**Close**	**Previous**	**High/Low**	
Dec	398.50	395.00	395.00	390.00
Mar	398.00	392.00	395.00	389.00
May	395.00	393.00	393.00	389.00
Aug	394.00	392.50	393.00	388.50
Oct	382.00	376.00	377.00	
Dec	379.00	371.00	374.00	373.00

Turnover: Raw 4751 (5282)lots of 50 tonnes. White 1100 (2329).
Paris- White (FFr per tonne): Dec 2528, Mar 2524, May 2524, Aug 2429, Oct 2420, Dec 2380.

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Oct	174.00	170.50	174.00	171.75
Nov	172.00	169.25	172.00	170.50
Dec	170.25	168.25	170.75	168.25
Jan	168.75	165.50	169.50	166.50
Feb	165.00	163.00	165.00	164.75
Mar	160.25	157.00	161.00	160.00
Apr	154.50	152.00	154.00	
May	154.50	150.00		
Jun	158.00	155.00		

Turnover 9444 (8530)lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 30,775 tonne
Cash	1763-5	1717-20	1765/1740	1763-5		
3 months	1751-2	1715-8	1760/1715	1755-6	1758-60	32,865 lots
Copper, Grade A (£ per tonne)						Ring turnover 30,050 tonne
Cash	1750-1	1746-7	1749/1742	1742-3		
3 months	1744-5	1745-6	1749/1725	1737-8	1758-9	70,763 lots
Lead (£ per tonne)						Ring turnover 6,175 tonne
Cash	460-1	457-8	458	457-8		
3 months	460-0.5	457-8	460.5/456	458.5-7	457-8	13,218 lots
Nickel ($ per tonne)						Ring turnover 1,116 tonne
Cash	10800-900	10875-925	10850/10800	10775-800		
3 months	10550-600	10625-50	10675/10550	10500-50	10625-50	5,890 lots
Tin ($ per tonne)						Ring turnover 900 tonne
Cash	8575-600	8230-45	8470/8450	8470-5		
3 months	8575-600	8270-80	8620/8400	8460-70	8600-20	5,655 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 18,225 tonne
Cash	1695-705	1665-8	1678/1675	1677-9		
3 months	1695-7	1668-9	1710/1670	1678-80	1691-5	14,021 lots
Zinc ($ per tonne)						Ring turnover 2,250 tonne
Cash	1640-60	1620-30	1622/1620	1622-5		
3 months	1635-40	1605-15	1620	1610-2	1635-40	4,969 lots

LME Closing £/$ rate: SPOT: 1.6195 3 months: 1.5965 6 months: 1.5807 9 months: 1.5627

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Nov	143.0	138.5	140.0	139.0
Feb	172.0	170.0		
Apr	214.5	209.0	215.0	209.0
May	245.0	236.5	240.0	234.0

Turnover 505 (338) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low
Oct	142.50	143.00	
Dec	139.50	139.50	139.00
Feb	140.00	140.00	140.00
Apr	139.50	141.00	138.50

Turnover 20 (57)lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Oct	1510	1493	1510	1493
Jan	1599	1587	1599	1570
Apr	1634	1605	1634	1610
Jul	1410	1386	1410	1400
BFI	1420	1421		

Turnover 597 (592)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Nov	107.45	107.45	107.45	107.35
Jan	111.65	111.55	111.70	111.50
Mar	114.80	114.60	114.80	114.70
May	117.85	117.70	117.90	117.85
Jun	119.40	119.50		
Barley	**Close**	**Previous**	**High/Low**	
Nov	103.75	103.50	103.75	
Jan	107.75	107.55	107.75	
Mar	111.00	110.70	111.00	110.90
May	112.85	112.50	112.75	

Turnover: Wheat 287 (169), Barley 130 (70). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	130.0	131.0	130.0
Nov	132.0	132.5	131.0
Feb	121.0	123.0	
Apr	122.0	124.0	
Jun	121.5	122.0	
Aug	116.0	115.5	

Turnover 32 (26) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	365½-366	225½-226
Opening	369-369½	226¾-227¼
Morning fix	369	226.519
Afternoon fix	368.5	226.095
Day's high	369¼-369¾	
Day's low	365-365½	
Coins	**$ price**	**£ equivalent**
Mapleleaf	375-380	231-234
Britannia	375-380	231-234
US Eagle	375-380	231-234
Angel	376-381	232½-235½
Krugerrand	364-367	225-227
New Sov.	86-87	53-53¾
Old Sov.	86-87	53-53¾
Noble Plat	500.95-508.85	308.95-313.25
Silver fix	**p/fine oz**	**US cts equiv**
Spot	324.80	528.00
3 months	335.80	540.15
6 months	348.50	552.00
12 months	371.70	575.65

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1650	126	117	5	24
1750	52	59	30	63
1850	13	24	90	127
Copper (Grade A)	**Calls**		**Puts**	
2700	174	167	44	109
2800	113	120	82	158
2900	68	83	136	220
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
700	72	96	12	30
750	37	69	27	51
800	25	47	66	79
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
700	61	59	21	38
750	35	36	45	65
800	18		78	
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
1750		78	3	29
1800	28	46	12	47
1850	7	27	40	

US MARKETS

IN THE METALS, gold and silver prices drifted lower despite a weak U.S. dollar, reports Drexel Burnham Lambert. Platinum rose above 500.00 basis October as a technical rally lifted prices. Profit taking later pared gains. Copper advanced from scattered short covering. The December contract was up 215. In the softs, sugar advanced as new positions were taken due to October's expiration. Cocoa fell sharply from trade and speculative selling as new contract lows were made. The grains featured lower prices in the soy complex and corn as the stocks report proved bearish for the markets. Wheat futures gained support from the report as prices climbed 7 3/4 basis December. In the livestocks, a lower cash market weighed on the belly futures. Hogs and cattle featured mostly local activity. Friday afternoon's pig crop report is expected bearish. Technical buying helped lift the cotton futures. The energy complex gained from commission house and local short covering. Crude oil prices reached the 20 dollar level.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	367.2	368.1	369.2	366.5
Nov	369.9	370.7	0	0
Dec	372.0	372.8	374.6	370.8
Feb	376.2	376.9	378.1	376.0
Apr	380.5	381.2	380.7	379.5
Jun	384.5	385.4	384.6	383.9
Aug	389.1	389.6	390.3	389.3
Oct	393.5	393.9	0	0
Dec	397.9	398.2	398.0	398.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	493.8	495.4	501.0	492.0
Nov	495.5	495.4	0	0
Jan	498.5	497.9	504.0	497.5
Apr	502.7	501.4	506.5	501.5
Jul	505.7	504.4	0	0
Oct	509.2	507.9	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Oct	522.6	526.5	526.0	526.0
Nov	527.1	531.1	0	0
Dec	531.0	535.0	536.5	528.0
Jan	534.0	538.0	0	0
Mar	543.2	547.1	551.0	541.0
May	551.2	556.1	555.5	550.0
Jul	559.6	563.5	567.0	558.0
Sep	567.9	571.8	0	0
Dec	579.6	583.6	587.0	579.0
Jan	583.8	587.8	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sept 28	Sept 27	mnth ago	yr ago
1872.4	1872.0	1906.6	1656.0

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	128.92	128.46	129.56	132.80
Futures	130.46	129.94	129.83	135.39

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	126.85	124.45	126.75	126.65
Nov	124.40	122.25	124.40	124.40
Dec	122.90	120.75	124.00	122.10

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Nov	20.10	19.86	20.14	19.92
Dec	19.88	19.67	19.88	19.71
Jan	19.67	19.51	19.68	19.56
Feb	19.49	19.37	19.52	19.40
Mar	19.35	19.25	19.36	19.29
Apr	19.16	19.17	19.26	19.16
May	19.10	19.10	19.20	19.10
Jun	19.01	19.03	19.13	19.01
Jul	18.92	18.96	19.03	18.92
Aug	18.90	18.90	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	5936	5888	5940	5878
Nov	5970	5920	5980	5915
Dec	5980	5938	6000	5935
Jan	5930	5876	5930	5880
Mar	5550	5481	5555	5510
May	5200	5101	5200	5115
Jun	5100	4996	5100	5080
Jul	5070	4961	5070	5070

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1040	1081	1045	1024
Mar	1063	1080	1080	1031
May	1064	1075	1087	1050
Jul	1089	1094	1090	1070
Dec	1131	1140	1120	1120

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	80.80	83.00	83.00	80.20
Mar	82.53	84.75	84.45	82.50
May	85.13	86.80	86.75	84.05
Jul	87.30	89.00	88.25	87.50
Sep	89.58	90.13	90.50	90.35
Dec	93.00	93.25	93.00	92.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	14.88	14.52	15.00	14.20
Jan	13.40	13.04	0	0
Mar	14.16	13.79	14.17	13.67
May	13.94	13.57	13.95	13.46
Jul	13.72	13.47	13.73	13.28
Oct	13.20	13.06	13.20	12.93

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	73.95	72.58	73.95	72.38
Dec	73.75	71.78	73.78	72.10
Mar	74.75	72.88	74.75	73.30
May	75.80	73.85	75.80	74.20
Jul	75.60	73.60	75.60	74.25
Dec	68.70	68.13	68.70	68.40

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	135.55	137.00	137.00	135.50
Jan	131.70	133.95	134.10	131.60
Mar	131.05	133.10	133.25	131.00
May	131.00	133.05	133.10	132.80
Jul	131.00	133.00	133.10	133.10
Sep	131.00	132.80	133.10	133.10
Nov	131.00	132.80	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	568/0	570/4	574/0	564/0
Jan	580/4	582/0	585/4	577/0
Mar	593/2	594/4	598/0	589/4
May	602/4	605/2	608/0	599/4
Jul	608/0	611/0	613/4	605/4
Aug	604/0	608/0	607/0	604/0
Sep	592/4	594/0	600/0	592/4
Nov	591/2	593/0	595/0	590/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Oct	18.99	19.03	19.15	18.91
Dec	19.44	19.50	19.63	19.36
Jan	19.68	19.78	19.86	19.61
Mar	20.08	20.13	20.25	20.01
May	20.32	20.45	20.60	20.32
Jul	20.71	20.90	20.95	20.65
Aug	20.70	20.90	20.90	20.70
Sep	20.65	20.90	20.60	20.70

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Oct	186.6	186.1	187.0	184.0
Dec	181.0	181.1	181.6	179.2
Jan	180.7	180.7	181.0	178.8
Mar	180.4	180.4	180.8	178.8
May	179.5	179.8	179.8	178.2
Jul	178.5	179.0	179.0	177.5
Aug	177.5	178.1	178.0	177.5
Sep	176.2	176.5	177.0	176.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	233/0	233/6	234/4	231/4
Mar	240/6	242/0	242/2	239/4
May	247/0	247/4	247/6	245/2
Jul	249/6	250/4	251/2	249/2
Sep	240/4	240/2	240/4	239/2
Dec	238/2	237/6	239/6	236/6
Mar	245/4	244/0	246/4	243/4

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	407/2	399/4	408/0	400/4
Mar	402/2	396/2	402/4	396/4
May	379/0	374/4	379/4	375/0
Jul	348/6	348/4	350/4	345/4
Sep	353/4	351/2	354/0	353/2
Dec	362/0	361/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	71.92	72.05	72.27	71.82
Dec	74.32	74.77	74.97	74.22
Feb	74.25	74.22	74.95	74.00
Apr	74.70	74.67	75.30	74.50
Jun	72.00	72.07	72.56	71.85
Aug	70.30	70.45	71.00	70.30

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	43.80	43.42	43.90	43.22
Dec	44.37	44.10	44.50	43.80
Feb	44.87	44.87	44.90	44.52
Apr	42.77	42.60	42.85	42.50
Jun	47.40	47.27	47.50	47.05
Jul	47.60	47.70	47.60	47.35
Aug	46.65	46.45	46.80	46.15
Oct	43.80	43.00	44.00	42.90

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	48.22	48.90	48.90	48.15
Mar	48.12	48.77	48.80	48.02
May	48.90	49.20	49.30	48.70
Jul	48.47	48.85	49.15	48.42
Aug	47.02	47.30	47.65	47.02

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar weak but pound holds

CURRENCY TRADING ended the week on a confused note. Central banks continued to try and turn investors away from the dollar by repeated intervention; at the same time, the banks took action in London and the Far East to support sterling.

The mood of the market going into the weekend was one of confusion and uncertainty. Many traders believe that the dollar's recent decline will last only as long as central banks continue to intervene. Others suggest that central banks will intervene until the bullish view towards the dollar is changed.

In the midst of all this uncertainty, persistent dollar sales and the prospect of a possible rise in West German interest rates at next Thursday's meeting of the Bundesbank, combined to ensure that the lion's share of speculative funds moving across the exchanges ended up in the D-Mark.

This in turn put pressure on other European currencies but none more so than sterling, already suffering a crisis of confidence after a string of disappointing UK economic data.

Support for the pound was evident before the start of trading in London, and the Bank of Japan bought sterling in Tokyo, presumably as part of the Group of Seven commitment to maintain currency stability. Central banks were also active after the start of trading in London. The Bank of England sold European currency units in exchange for sterling while several other central banks continued the recent push to depress the US unit by selling dollars.

At the end of trading in London, the dollar was lower at DM1.8715 from DM1.8315 and Y139.60 from Y140.50. Elsewhere, it finished at FFr6.3475 from FFr6.3750 and SFr1.6225 compared with SFr1.6315. On Bank of England figures, the dollar's exchange rate index fell to 69.5 from 69.9.

Sterling rose against the dollar to $1.6150 from $1.6080 but it lost ground against the D-Mark to DM3.0225 from DM3.0250. It was also lower in terms of the Japanese yen at Y225.50 from Y226.00. Elsewhere, it finished at SFr2.6200 from SFr2.6225 and FFr10.2500, unchanged from Thursday. Sterling's exchange rate index closed at 91.4 down from 91.6 at the opening but up from 91.2 on Thursday.

The D-Mark was strong against its partners in the European Monetary System. Fears of higher German interest rates were sufficient to push the D-Mark to the top of the European Monetary System, matching the Spanish peseta as the strongest currency from Ecu central rates.

£ IN NEW YORK

Sep.29	Latest	Previous Close
£ Spot	1.6170-1.6180	1.6005-1.6115
1 month	0.68-0.67pm	0.68-0.67pm
3 months	2.03-2.00pm	2.02-1.99pm
12 months	7.38-7.28pm	7.40-7.30pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep.29	Previous
8.30 am	91.6	91.2
9.00 am	91.6	91.2
10.00 am	91.7	91.2
11.00 am	91.7	91.2
Noon	91.6	91.2
1.00 pm	91.5	91.2
2.00 pm	91.5	91.1
3.00 pm	91.4	91.1
4.00 pm	91.4	91.2

CURRENCY RATES

Sep.29	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling #	-	1.26447	1.46893
U.S Dollar	7	1.27089	1.10522
Canadian $	12.36	1.50829	1.30151
Austrian Sch.	5	16.9117	14.5138
Belgian Franc	7.75	50.3717	43.3469
Danish Krone	9½	9.34104	8.04603
Deutsche Mark	5.00	2.40046	2.06345
Neth.Guilder	6.00	2.71081	2.33048
French Franc	9½	8.12734	7.00160
Italian Lira	13½	1741.13	1506.75
Japanese Yen	3¼	178.814	153.958
Norway Krone	8	8.85250	7.61997
Spanish Peseta	-	152.066	131.157
Swedish Krona	9½	8.21249	7.08117
Swiss Franc	5.5	2.08235	1.79604
Greek Drach.	20½	210.159	181.168
Irish Punt	-	0.90012	0.774618

Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Sep.28

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

FORWARD RATES AGAINST STERLING

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Sept.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6160 - 1.6305	1.6145 - 1.6155	0.74-0.71cpm	5.39	2.12-2.08pm	5.20
Ireland†	1.4215 - 1.4290	1.4235 - 1.4245	0.11-0.07cpm	0.76	0.53-0.43pm	1.35
Canada	1.1750 - 1.1795	1.1780 - 1.1790	0.29-0.32cdis	-2.57	0.88-0.93dis	-2.54
Netherlands	2.1090 - 2.1150	2.1135 - 2.1145	0.25-0.23cpm	1.37	0.62-0.59pm	1.15
Belgium	39.10 - 39.35	39.25 - 39.35	2.00-1.00cpm	0.46	3.50-1.00pm	0.23
Denmark	7.26 - 7.30	7.28¾ - 7.28¾	0.30-0.55oredis	-0.70	1.55-1.95dis	-0.96
W. Germany	1.8620 - 1.8735	1.8710 - 1.8720	0.22-0.20pfpm	1.35	0.55-0.52pm	1.15
Portugal	158.20 - 158.45	158.35 - 158.45	57-67cdis	-4.70	235-265dis	-6.32
Spain	118.20 - 120.05	118.75 - 118.85	52-57cdis	-5.53	152-162dis	-5.31
Italy	1360 - 1367¼	1365¾ - 1366¼	3.00-3.60liredis	-2.91	9.00-12.00dis	3.08
Norway	6.88 - 6.90½	6.90¼ - 6.90¾	1.10-1.35oredis	-2.13	3.45-3.75dis	-2.09
France	6.31½ - 6.35½	6.34½ - 6.35	0.27-0.34cdis	0.58	0.78-0.93dis	0.54
Sweden	6.39½ - 6.43	6.41¼ - 6.41¾	1.36-1.51oredis	-2.69	3.90-4.15dis	-2.51
Japan	138.70 - 139.65	139.55 - 139.65	0.48-0.46ypm	4.05	1.28-1.25pm	3.63
Austria	13.11½ - 13.17¼	13.17¼ - 13.17¾	1.05-0.45gropm	0.69	3.60-1.80pm	-0.82
Switzerland	1.6125 - 1.6230	1.6220 - 1.6230	0.21-0.18cpm	1.45	0.53-0.49pm	1.26
ECU†	1.0965 - 1.1040	1.1030 - 1.1040	0.10-0.09cpm	1.03	0.35-0.32pm	1.21

Commercial rates taken towards the end of London trading.† UK, Ireland and the ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.35-39.45.

POUND SPOT- FORWARD AGAINST THE POUND

Sept.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6160 - 1.6305	1.6145 - 1.6155	0.74-0.71cpm	5.39	2.12-2.08pm	5.20
Canada	1.9045 - 1.9160	1.9045 - 1.9055	0.41-0.32cpm	2.30	1.10-0.96pm	2.16
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

LONDON MONEY RATES

Sep.29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14½	14⅛	14⅞	15	14⅞	14⅝
Interbank Bid	12	13⅝	14½	14⅞	14⅞	14¼
Sterling CDs	-	-	14⅞	14⅞	14⅞	14⅜
Local Authority Deps.	14	14⅛	14¼	14⅞	14⅝	14⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	14¼	13⅞	13¾	13½	-	-
Company Deposits	-	-	14½	14⅞	14¼	14⅜
Finance House Deposits	-	-	14⅝	14⅞	14¼	14⅜
Treasury Bills (Buy)	-	-	14⅜	14⅜	-	-
Bank Bills (Buy)	-	-	14¼	14⅝	13⅞	-
Fine Trade Bills (Buy)	-	-	14⅞	14⅞	14¼	-
Dollar CDs	-	-	9.03	9.08	9.00	8.95
SDR Linked Dep Offer	-	-	8⅝	8⅞	8⅝	8⅝
SDR Linked Dep Bid	-	-	8½	8⅜	8½	8½
ECU Linked Dep Offer	-	-	10⅝	10¾	10¾	10¾
ECU Linked Dep Bid	-	-	10	10⅝	10½	10⅝

Treasury Bills (sell): one-month 13⅞ per cent; three months 13⅞ per cent; Bank Bills (sell): one-month 14 per cent; three months 13¾ per cent; Treasury Bills; Average tender rate of discount - p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 29, 1989. Agreed rates for period October 25 to November 25, 1989, Scheme I: 14.82 p.c., Schemes II & III: 15.27 p.c. Reference rate for period August 1 to August 31, 1989, Scheme IV&V: 13.880 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from October 1, 1989; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 12 per cent; Under £100,000 10½ per cent from May 25,1989. Deposits withdrawn for cash 5 per cent.

MONEY MARKETS

UK rates firm

THE BANK of England's decision yesterday to leave base rates unchanged managed to bring some stability into a money market that had spent the morning in a state of uncertainty.

Interbank rates opened sharply higher on the widely discounted assumption that sterling's weakness would prompt a rise in base rates to 15 per cent. However, the authorities held their nerve. Discount houses accepted sales totalling £743m of bills to take out much of the day's shortage at rates of 13⅞-13⅞ per cent but were less inclined to swallow their obligation to bid for Treasury bills at the weekly tender.

UK clearing bank base lending rate 14 per cent from May 24

The discount houses moved around the problem by bidding at rates for bills that would have signalled a rise in base rates, had they been accepted. The Bank responded by refusing to accept any of the bids.

Three-month interbank money finished at 14¾-14⅝ but touched 15 per cent during the day, well up from Thursday's close of 14⅞-14⅜ per cent.

LIFFE LONG GILT FUTURES OPTIONS / LIFFE US TREASURY BOND FUTURES OPTIONS / LIFFE BUND FUTURES OPTIONS / LIFFE £/$ OPTIONS / LIFFE EURODOLLAR OPTIONS / LIFFE SHORT STERLING OPTIONS / LONDON (LIFFE) / PHILADELPHIA SE £/$ OPTIONS / CHICAGO / FT-SE 100 INDEX / THREE MONTH EUROMARK / JAPANESE YEN (IMM) / DEUTSCHE MARK (IMM) / THREE-MONTH EURODOLLAR (IMM) / STANDARD & POORS 500 INDEX / SWISS FRANC (IMM) / POUND-$ (FOREIGN EXCHANGE) / IMM-STERLING

[illegible]

LONDON TRADED OPTIONS

THE LONDON traded options market had another busy day as the FT-SE 100 September index option and the FT-SE 100 September futures contract both expired in the morning.

Total turnover was 53,175 contracts, just less than Thursday, but almost double the daily turnover recorded at the beginning of the month. It was divided between 23,336 calls and 29,839 puts.

The FT-SE index traded 23,826 contracts, of which 6,502 were calls and 17,324 were puts. The most actively traded series was the October 2,250 put, which turned over 3,475 contracts.

In the morning, when most of the day's business was transacted, the market was concerned with squaring positions before the expiry of the FT-SE option.

After the expiry, volume slumped as *rumours circulated* around the market that at midday interest rates would rise to 15 per cent from 14 per cent to defend the pound. The Bank of England left rates unchanged, but business did not recover.

In individual options, the end of the old account on the stock market prompted some interest in blue chip stocks, while Asda featured as takeover speculation revived.

Hanson was the most actively traded option, turning over 3,494 contracts, in good two-way business. It was divided between 2,392 calls and 1,102 puts, with the most actively traded series the November 220 call, turning over 988 lots.

BP was also active, reflecting *lively business in the underlying* security, as oil prices rallied. It turned over 3,261 contracts, of which 2,011 were calls and 1,250 puts. The most actively traded series was the October 300 call, which turned over 1,114.

An announcement just before the market closed that First City Financial had increased its stake in Asda to *4.97 per cent from 4.3* per cent gave the market a boost. The news took the market by surprise, as the share price had been flagging for most of the week. Asda traded 2,334 contracts, of which 1,815 were calls and 519 puts. The most actively traded series was the November 160 call, which traded 500 lots.

[illegible]

*Underlying security price. † Long dated expiry mths

LONDON RECENT ISSUES

EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

FIXED INTEREST STOCKS

[illegible]

TRADITIONAL OPTIONS

- First Dealings Sep 25
- Last Dealings Oct 6
- Last Declarations Dec 21
- For settlement Jan 8

For rate indications see end of London Share Service

Calls in Tubular, Caird, Atlantic, Bridgend Ryan, Visa Caradon, Brit Steel, Honorbilt, BPB Inds, Medirace Wrnts, Oliver Res. Puts Dixons

MONTHLY AVERAGES OF STOCK INDICES

	September	August	July	June
Financial Times				
Government Securities	85.78	87.24	86.24	84.63
Fixed Interest	98.55	97.77	96.67	95.78
Ordinary	1959.0	1960.3	1883.3	1779.7
Gold Mines	208.0	199.6	197.9	186.4†
SEAQ Bargains (5 p.m.)	25,869	28,315	28,123	25,411
F.T.-Actuaries				
Industrial Group	1245.34	1243.45	1192.65	1145.01
500 Share	1329.32	1323.05	1273.48	1222.95
Financial Group	814.10	798.71	763.63	730.24
All-Share	1204.37	1195.38	1148.56	1101.70
FT-SE 100	2376.5	2353.9	2246.8	2147.3

	Sept. High	Sept. Low
Ordinary	2008.6 (5th)	1876.2 (28th)
All-Share	1225.80(5th)	1168.47(28th)
FT-SE 100	2426.0 (5th)	2291.7 (28th)

†Corrected figure

COMPANY NEWS DIGEST

Epicure advances to £1.55m

IN THE first half of 1989, Epicure Industries increased profits substantially, made two acquisitions, developed its strategy by disposing of non-core businesses, and established itself in niche markets which have growth potential.

Pre-tax profit moved up from £1.2m to £1.55m. Earnings were 1.9p (1.67p) and the interim dividend is again 0.28p on increased capital.

The group makes piston rings, woodworking and diamond tools, and precision engineering products. Sales rose from £17.5m to £22.9m and demand remained high, the directors said.

In February, Epicure bought Industriale Srl for £3m and in July acquired Habit, the industrial *diamond tooling group*, for £11m. The latter did not contribute to the results.

Frogmore dips to £30m but assets rise

Frogmore Estates, the property investment and trading group, announced pre-tax profits of £30.77m in the 12 months to June 30.

The outcome compared with profits of £39.54m last year and took in profits from the sale of investment properties of £15.42m (£11.95m).

Frogmore said that net assets had risen 25 per cent from 468p to 580p per share. The property revaluation surplus for the year amounted to £45.5m (£58.4m).

Turnover amounted to £70.75m (£75.63m). Earnings per 50p share contracted from 42.8p to 27.7p and a recommended final dividend of 8.4p lifts the total 1p to 11p.

Rathbone Brothers 25% ahead to £1m

Rathbone Brothers, the USM-quoted financial services group formerly known as Comprehensive Financial Services, lifted pre-tax profits by 25 per cent from a restated £848,000 to £1.06m in the first half of 1989. Turnover was 22 per cent ahead to £3.07m, against £2.51m.

Earnings per 5p share worked through at 9.81p (8.64p) and an interim dividend of 1.6p (1.5p) *is declared.*

Mr Oliver Stanley, chairman, said that the financial benefits of the merger with Rathbones of Liverpool were coming through. And with £393m under active investment management and over £100m held by the trust division, the group controlled clients' assets in excess of £500m.

Community Hosptls beats forecast

In the year ended June 30 1989, Community Hospitals Group beat its profit forecast by just over 4 per cent. The shares were offered for sale in June.

Pre-tax profit came to £2.34m, compared with £1.49m last time and £2.25m forecast. Earnings were 11.7p (8.7p) and the final dividend is 0.5p for a *total of 4.5p (3p).*

The group owns and manages nine acute hospitals (379 beds) and four nursing homes (133 beds). Hospitals made turnover of £19.59m (£12.86m) and operating profit £4.72m (£2.94m), while the homes accounted for £1.58m (£760,000) and £417,000 (£152,000).

Richards tops £570,000 midway

Richards Group made pre-tax profits of £573,000 in the first half of 1989. The result compared with £20,000 last time and exceeded the £568,000 achieved in the whole of 1988.

The group makes specially-designed support systems for the electrical and mechanical industries.

Turnover moved up to £8.77m (£4.5m). With earnings at 5.16p (0.9p) interim dividends are resumed with a payment of 1.5p — equal to the single dividend last time.

WORLD STOCK MARKETS

US MARKETS (3pm)

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

AUSTRALIA

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

CANADA (3pm)

[illegible]

JAPAN

[illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

INDICES

NEW YORK

DOW JONES	Sep 28	Sep 27	Sep 26	Sep 25	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2694.91	2673.06	2663.94	2659.19	2752.09 (1/9)	2144.64 (3/1)	2752.09 (1/9/89)	41.22 (2/7/32)
Home Bonds	92.45	92.42	92.62	92.63	94.15 (2/8)	87.35 (23/3)		
Transport	1438.12	1427.63	1424.96	1428.17	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	216.55	215.17	215.48	215.67	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2709.16 (2685.03) Low 2657.86 (2636.78)

STANDARD AND POOR'S

	Sep 28	Sep 27	Sep 26	Sep 25	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	348.60	345.10	344.33	344.23	353.73 (1/9)	275.31 (3/1)	353.73 (1/9/89)	4.40 (1/6/32)
Industrials	397.81	393.88	393.01	392.89	405.27 (1/9)	318.66 (3/11)	405.27 (1/9/89)	3.62 (21/6/32)
Financial	33.85	33.34	33.14	33.07	33.59 (7/8)	24.30 (3/1)	33.59 (7/8/89)	8.64 (1/10/74)
NYSE Composite	193.55	191.82	193.47	191.28	196.37 (1/9)	154.98 (3/1)	196.37 (1/9/89)	4.46 (25/4/42)
Amex Mkt. Value	385.75	383.04	382.19	381.40	38.75 (28/9)	305.24 (3/1)	384.54 (12/9/89)	29.31 (9/12/72)
NASDAQ Composite	471.14	467.77	467.84	466.71	471.86 (12/9)	378.56 (3/1)	471.86 (12/9/89)	54.87 (31/10/72)

	Sep 22	Sep 15	Sep 8	year ago (approx.)
Dow Industrial Div. Yield	3.75	3.7b	3.70	3.70

	Sep 27	Sep 20	Sep 13	year ago (approx.)
S & P Industrial div. yield	2.90	2.87	2.89	3.19
S & P Indl. P/E ratio	14.42	14.49	14.46	13.03

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
IBM	3,925,700	109	− 2½
Reebok	2,493,900	18¼	+ 1⅞
Amer Corp	2,051,700	83⅞	+ 4¼
LA Gear	1,962,000	43¼	− 1⅞
Am T & T	1,927,800	43⅞	+ 1¼
Scecorp	1,840,100	36½	− ¼
Gulf States Utl	1,837,600	13¼	+ ½
Bristol Myers	1,815,000	52⅞	+ 1
Nova Corp	1,672,100	7⅝	⅛
Columbia	1,462,800	26½	—

TRADING ACTIVITY

† Volume (Millions)	Sep 28	Sep 27	Sep 26
New York	161.025	159.268	159.131
Amex	14.553	15.051	13.878
NASDAQ	133.132	123.179	123.381
Issues Traded	1957	1951	1907
Rises	918	622	732
Falls	536	811	629
Unchanged	503	518	546
New Highs	67	51	47
New Lows	13	24	31

CANADA

TORONTO	Sep 28	Sep 27	Sep 26	Sep 25	1989 HIGH	1989 LOW
Metals & Minerals	3711.3	3649.5	3647.7	3620.9	3919.2 (1/9)	3207.5 (3/1)
Composite	3941.1	3918.1	3921.0	3901.3	4019.7 (10/8)	3350.5 (6/1)
MONTREAL Portfolio	2002.12	1988.27	1988.27	1978.31	2053.80 (1/9)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sep. 29	Sep. 28	Sep. 27	Sep. 26	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1735.7	1720.2	1721.8	1703.1	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	841.8	831.7	833.9	825.3	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	473.09	474.60	472.07	468.51	474.60 (28/9)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	(u)	6762.92	6791.57	6805.28	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	329.54	329.36	326.71	327.11	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	697.0	682.7	674.8	697.1	815.8 (18/4)	674.8 (27/9)
FRANCE						
CAC General (31/12/82)	557.3	554.5	552.2	548.9	557.3 (29/9)	417.9 (4/1)
Ind. Tendance (30/12/88)	125.5	126.4	125.5	126.1	126.6 (25/9)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	662.24	667.32	665.93	677.7	685.92 (8/9)	535.78 (27/2)
Commerzbank (1/12/53)	1976.5	1993.6	1989.8	2027.1	2052.1 (8/9)	1595.7 (27/2)
DAX (30/12/87)	1574.37	1585.75	1590.62	1609.03	1657.61 (8/9)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2758.25	2755.32	2712.57	2725.41	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1759.12	1766.29	1763.35	1770.01	1848.93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	707.67	709.12	704.82	707.49	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35636.76	35689.98	35370.57	35444.82	35689.98 (28/9)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2702.22	2696.18	2681.66	2675.22	2702.22 (29/9)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	265.2	265.8	265.4	268.5	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	203.9	204.4	204.1	206.5	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	689.13	695.50	693.94	691.06	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1145.90	1147.94	1151.94	1153.31	1217.44 (10/8)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1375.18	1371.40	1379.02	1387.62	1420.52 (13/9)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1664.0♦	1673.0	1710.0	1685.0	1710.0 (27/9)	1291.0 (15/2)
JSE Industrial (28/9/78)	2740.0♦	2750.0	2762.0	2744.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA						
Korea Comp Ex. (4/1/80)	943.44	931.95	924.75	925.42	1007.80 (3/4)	846.30 (1/7)
SPAIN						
Madrid SE (30/12/85)	325.50	326.38	328.22	328.55	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4341.2	4302.63	4264.3	4236.45	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	795.3	799.0	792.5	803.8	829.1 (6/9)	613.1 (3/1)
TAIWAN						
Weighted Price (30/6/66)	10364.84	(c)	10489.76	10669.79	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	689.51	691.73	694.47	687.20	724.93 (13/9)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	546.8	545.2	542.9	551.2 (3/8)	487.6 (13/6)

♦ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow continues to climb in light trade

Wall Street

EQUITIES moved higher after buyers drew encouragement from the relatively strong performance of the day before, *writes James Buchan in New York.*

By 1.20 pm, the Dow Jones Industrial Average was up 12.78 points at 2,707.64. Volume was on the light side, with little more than 90m shares changing hands in the morning session.

Other financial markets were subdued. On the foreign exchanges, where the US dollar has been under assault all week from an international central bank campaign to drive its exchange value down, a certain calm reigned. By the middle of the day, the dollar was at Y139.45 and DM1.8715, about a yen and a pfennig respectively down from late Thursday's rates in New York.

In the credit markets, investors were little impressed by a report from the Commerce Department that leading economic indicators had risen 0.3 per cent. The rise was in the middle of economists' forecasts and seemed further confirmation that the US economy is still growing at an appreciable rate and is unlikely to require the stimulus of lower interest rates. None the less, long-dated maturities rose modestly with the Treasury 8.125 per cent of 2019 up ¼ of a point to yield 8.237 per cent.

The most heavy trading in the stock market was in Harcourt Brace Jovanovich, which announced it had sold its theme park business for $1.1bn after trading closed on Thursday. The proceeds were a severe disappointment to the bulls who believed Harcourt Brace would raise up to $1.75bn from the deal and the stock fell precipitately. By mid-session, Harcourt Brace was $12⅛, down $4⅛, as investors dumped more than 2m shares hurriedly.

Elsewhere, the stock market remained dominated by the disappointment delivered by IBM on Wednesday, when it said stockbrokers' forecasts for its 1989 profits were too high. IBM itself stabilised yesterday, up $⅜ at $109⅞, but the market remains deeply worried about the outlook for profits from capital goods companies.

In reaction, investors continued to take refuge in companies with profits considered predictable, above all Philip Morris, which rose $1⅛ to $166⅜, and Coca-Cola, up $⅝ at $68⅞. These stocks have reassumed the leadership they enjoyed earlier in the summer. Among other blue chips heavily traded, General Electric rose $⅛ to $57⅞ and McDonald's fell $⅛ to $30⅛.

Drug stocks, traditionally regarded as a safe haven at times of doubtful economic outlook, did well, except for Merck, which had risen strongly on Thursday and fell $⅜ to $75⅞. Bristol-Myers was up $⅛ at $53 in response to reports that the Food and Drug Administration plans to allow distribution of its experimental Aids drug. Squibb, which is merging with Bristol, rose $1½ to $126⅞ and SmithKline Beecham US traded units were up $⅜ at $39⅝.

Campbell Soup rose $3 to $48¼ on moderate volume after one stockbroker recommended the company.

Canada

REVIVED activity after a slow start led to Toronto stocks rising in moderate trade by midday. The composite index rose 1.7 to 3,944.4 on volume of 17m shares. Advances led declines by 236 to 205.

Laidlaw fell C$⅛ to C$22⅝ in heavy trade. It has shown recent strength because of its waste management division.

ASIA PACIFIC

Cautious profit-taking triggers Nikkei slip

Tokyo

EQUITIES were undermined by profit-taking and increasing caution yesterday, after an initial attempt to retain their buoyant tone, *writes Michiyo Nakamoto in Tokyo.*

To begin with, the Nikkei average was supported by the rising yen, posting a high for the day of 35,778.03. However, a suspicion that share prices had risen too quickly triggered profit-taking and the Nikkei closed 53.22 lower at 35,636.76 – a rise over the week of 2.5 per cent. The day's low was 35,537.27.

Advances, none the less, led declines by 564 to 410 while 154 issues were unchanged; turnover fell to 948m shares from the 1.03bn traded on Thursday.

The Topix index of all listed shares gained 3.04 to another record of 2,702.22. In London, the ISE/Nikkei 50 index rose 2.83 to 2,503.91.

There were opposing influences on sentiment at political-economic level. The yen continued to firm against the dollar, and fears of further rises in interest rates appeared to be receding. Against that, a by-election for a seat in the Upper House of the Diet threatened a loss for the ruling Liberal Democratic Party (LDP), although some experts felt that an LDP loss had already been discounted.

Meanwhile, the rise in the Topix index indicated that interest was still quite strong in specific issues. The move to buy small to medium-sized companies with good earnings and relatively low prices continued, with railways featuring.

Tokyu Corp, the railway company which belongs to the Tokyu group of companies, was actively traded as investors kept up their guessing game as to whether or not shares in some group companies were being accumulated by a speculator. Tokyu topped the volumes list with 16.2m shares and gained Y40 to Y1,890.

Hankyu Corp, a railway company based in western Japan, advanced Y60 to Y1,440 in active trading on the strength of the company's land holdings.

Odakyu Electric Railway, which runs a highly profitable line between a central part of Tokyo and a popular, nearby mountain resort, was third in volume with 13m shares and firmed Y60 to Y1,800. Odakyu was also popular on the strength of its low price and a new commuter line which it plans to set up.

Trading in Osaka brought railways and real estate companies into the spotlight, while profit-taking hit the recently popular mechanical engineers and pharmaceuticals. The OSE average advanced 30.09 to 36,176.52 but volume receded to 110m shares from the 112m traded on Thursday.

Roundup

LEADING Asia Pacific markets advanced, with Sydney leading the way as the Australian dollar declined.

AUSTRALIA was encouraged by a weaker local dollar and by further activity in the banking sector. The All Ordinaries index gained 15.5 to 1,735.7, a rise of 1.7 per cent over the week.

Position squaring at the end of the month and the expiry of options pushed turnover to 179m shares worth A$649m.

National Australia Bank (NAB) rose 2 cents to A$6.84 as 1.1m shares changed hands, while ANZ gained 2 cents to A$5.60 on 1.6m shares. The two banks said that they had been buying shares in each other, fuelling merger speculation.

Westpac Banking picked up 4 cents to A$5.50 on an active 7.6m shares.

IEL, the Australian arm of Sir Ron Brierley's businesses, rose 2 cents to A$2.27 on turnover of 8.9m shares after announcing a sixfold rise in after-tax operating profits.

HONG KONG hung on to the previous day's gains, closing slightly higher. The Hang Seng index rose 2.93 to 2,758.25, after profit-taking and caution before China's National Day tomorrow eroded strong early gains. The rise on the week was 1.9 per cent.

Turnover continued to improve, rising to HK$1.1bn from Thursday's HK$961m.

SINGAPORE had another fairly quiet session, with early gains being trimmed by profit-taking. The Straits Times Industrial index added 3.78 to 1,375.18 – 1.3 per cent down on the previous Friday's level.

There was some foreign interest, while takeover speculation breathed some life into the retail sector.

SEOUL rose strongly again as confidence flowed back into the market. The composite index gained 11.49 to 943.44.

TAIPEI tumbled further after Thursday's holiday, with the weighted index losing 124.52 points to 10,264.84. The decline has followed the announcement of measures, introduced yesterday, which prevent the publication of the number of outstanding orders for stocks which move by the daily limit.

MANILA survived a round of selling after news of the death of former President Ferdinand Marcos. The composite index eased 2.04 to 1,145.90.

SOUTH AFRICA

GOLD shares closed mixed to easier in Johannesburg, which drifted lower on a lack of fresh stimulus, as the bullion price eased after an early rally.

EUROPE

Interest rate fears predominate

INTEREST rate worries seemed uppermost yesterday, as the Continental week drew to a subdued close, *writes Our Markets Staff.*

PARIS let go of early gains and drooped substantially in fairly active trading as interest rate fears took hold.

Thursday's rise had been rather too fast, said an analyst: "The equity market finally took notice of the bad outlook for the bond market."

He added that selling by mutual funds had increased the pace of the decline. The OMF 50 index lost 8.03 to 528.85 – a decline of 0.9 per cent on the week.

Most of the big movers were speculative stocks, with Exor up FFr73 at FFr1,783, Bon Marché FFr31 higher at FFr1,076 and Euromarché falling FFr130 to FFr3,370.

Paribas gained FFr2 to FFr520 on the strength of its good results and a rise in its stake in Navigation Mixte, the financial holding company, to 7 per cent. Mixte, which plans a press conference for Monday, remained suspended.

The opening CAC General index, reflecting the positive Thursday session, reached its third successive all-time high, rising 3.2 to 557.3. Turnover was estimated at FFr3bn.

FRANKFURT took its fourth consecutive decline of the week as dealers stopped talking about whether the Bundesbank will increase key interest rates at next week's meeting – and argued about what the increase will be.

The FAZ index fell 15.06 to 662.24, down 2.5 per cent on the week. Volume slipped again, from DM3.5bn to DM3.6bn, and the DAX index finished 11.38 lower at 1,574.87, a drop of 3.3 per cent from the previous Friday's close.

Analysts said that West German equities are very vulnerable to interest rate increases; a weak equity investment culture means that a sudden increase in the yield gap can horrify some investment managers.

There was also the worry that Daimler might choose next week, and a sad stock market, on which to launch its long expected rights issue. "History is full of amazingly ham-fisted rights issue announcements in this market," said one commentator.

ZURICH declined further under the weight of interest rate fears, which were reinforced by a slight rise in short-term rates. The Crédit Suisse index slipped 0.5 to 643.4, a 2 per cent fall over the week.

Bearers of insurer Swiss Re gained SFr450 to SFr12,350. On Thursday, the company reported higher net profits, a dividend increase and an additional bonus. It also announced plans for a capital increase in several stages and a share split.

Adia, the employment group, saw its bearers remain steady at SFr9,050 as profit-taking wiped out an early rise to SFr9,150. The company, which plans a merger with Inspectorate International, made a forecast on Thursday of SFr240m to SFr255m for the combined group's 1989 earnings.

MILAN closed narrowly mixed in uneven trading, the Comit index closing 1.45 lower at 707.67 for a 1.1 per cent fall on the week. Positive earnings results from Fiat, and other companies in the Agnelli group were well received, but dealers said that the market was more concerned with the level of cash calls from money-hungry companies.

Having digested one string of issues, including Enimont, the market now has a queue of others, including the latest two – a share and bond issue totalling L636bn from Pirelli Spa, and a L1.27 trillion call from the telecommunications company, SIP.

The SIP issue was bad news yesterday for STET, the holding company which owns over 60 per cent of it. Despite good results yesterday, STET tumbled L176 to L4,620 while SIP slid L100 to L3,360.

MADRID kept to its downward path, as profit-taking continued. The general index lost 0.88 to 325.50, little changed since the previous Friday. Construction stocks made the steepest losses, with Asland off 11 percentage points at 1,201 per cent of par and Dragados down 2.50 at 677.

STOCKHOLM continued to climb, as the bearish sentiment of recent weeks gave way to new optimism.

The Affärsvärlden general index closed at 1,285.1, up 0.4 – and 0.8 per cent on the week.

Telecommunications company Ericsson led blue chips, its free B shares rising SKr24 to SKr612.

Car maker Saab-Scania, facing heavy losses and lay-offs in its car division, once again had the day's largest turnover with SKr30m worth of shares. The shares fell SKr2 to close at SKr268.

HELSINKI closed sharply higher, but dealers warned that the improvement could be only temporary. The Unitas all-share index rose 14.3 points to close at 697.0, a fall of 3.4 per cent on the week.

ISTANBUL surged 4 per cent yesterday to a record high in hectic trading, as the rally that has sent share prices 22.3 per cent higher in a week continued. The stock index closed at 1,475.26 in sharply higher volume.

The factors behind the rise included increased buying by funds, poor returns from gold and foreign exchange investments, and last month's measures to open up the market to foreigners.

Dutch bourse shrugs off uncertainty over politics

Buoyant fundamentals and US gains have pushed the market higher this year, writes Laura Raun

DUTCH traders throughout the centuries have never liked politics to get in the way of business, and now is no exception. The Amsterdam Stock Exchange is shrugging off political uncertainty surrounding the formation of a centre-left coalition Government in The Hague, and ambling along happily, albeit sideways.

The fundamentals are buoyant: economic growth is booming, corporate profits are soaring, world trade is flourishing, the dollar has been strong and institutional investors are increasing their equity holdings. Propelled by New York, the Dutch market has climbed about 25 per cent since the beginning of the year, with the CBS General Share Index surging to a record high of 210.5 on September 5.

This week, investors took up the second tranche of DSM, the Dutch chemicals company which is being privatised in stages. The offer of 12m shares at Fl 125 each was four times over-subscribed and raised a record Fl 1.5bn for state coffers – the largest bourse flotation and the biggest privatisation in Dutch history.

However, there was less excitement this time than with the initial offering in January. The second offer price compared with about Fl 127 at the beginning of this week, leaving potential stags little to go for, and only 70,000 private investors applied for the shares.

When the first tranche of *12m shares was priced at Fl 108* at the beginning of this year, there was no market price as a benchmark – and more of a gamble in making an application. That offer was five times over-subscribed, with 100,000 private investors coming into the lists.

There is also some concern about DSM's vulnerability to a cyclical downturn in the chemicals industry. Some traders believed that the share price would have fallen without support from Amsterdam-Rotterdam Bank, the global co-ordinator for the issue.

Now investors are being primed for the expected flotation of 25 per cent of NMB/Postbank, the newly-merged bank which is expected to be floated in November and to be priced at about Fl 55 a share. About Fl 1.3bn will be raised for the Dutch Government through an international equity offer which NMB hopes to lead itself.

NMB, which is the third largest commercial bank in the Netherlands and which, traditionally, has catered for the small business, will officially merge with Postbank, the state-owned bank, on October 4. The Government will end up with 53.5 per cent of the new bank but will immediately place 4.5 per cent with institutional investors.

About half of the remaining 49 per cent will then be privatised. The big challenge for NMB/Postbank is to weave together NMB's innovative style (it has catapulted itself into a world leader in debt trading) with that of a bank which until a few years ago was virtually a state agency.

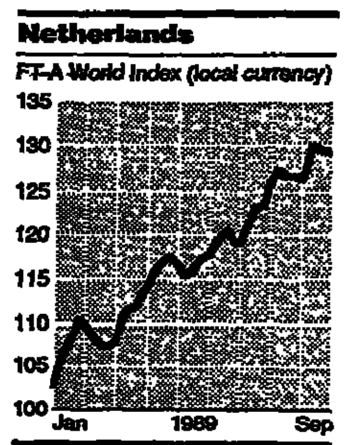
In general, some market observers are wondering whether Amsterdam is topping out, but few players, if any, are selling aggressively, preferring to take a wait-and-see attitude on considerations such as interest rates, where fears of an increase are probably more important than the current political uncertainty.

By 1990, the market could resume its upward path and outpace the world average – thanks to continued growth in corporate profits, a strong dollar and sound economic expansion, according to Goldman Sachs.

Mr Fred Vergunst, chief securities analyst at Pierson, Heldring and Pierson, believes that three threats loom: the possibility of rising interest rates, slowing profits growth and a weaker dollar. He believes that profits will increase by about 10 per cent in 1990, decelerating from growth of 15 to 20 per cent over the past couple of years.

Investors seem equally satisfied with the prospect of a new centre-left coalition Government between the Christian Democrats – Prime Minister Ruud Lubbers' party – and the Socialists, or a centre-right one between the Christian Democrats and Liberals. What matters most is that Mr Lubbers continues as prime minister, and that is virtually assured because his party remained the biggest in Parliament in the recent elections.

Fiscal policy under a Christian Democrat-Socialist coalition would differ little from that of Mr Lubbers' last Government, according to the majority view in the market. But the minority view holds that budget discipline will crumble under such a coalition.



SHARE prices in Amsterdam closed slightly lower in slack trade yesterday, the CBS Tendency index shedding 0.3 to 195.2 for a fall of 1.6 per cent on the week.

Dealers said that a combination of high rates on the Dutch money market, worries over a possible rise in German interest rates and uncertainty over the course of the dollar – important to the earnings prospects of Netherlands-based international groups such as Royal Dutch – had combined to depress the market.

DSM fell Fl 1.50 to Fl 125.20, virtually back to the Fl 125 offer price for this week's privatisation issue. Royal Dutch, also influenced by the London market, eased 40 cents to Fl 143.90 and Unilever closed 90 cents lower at Fl153.60.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY SEPTEMBER 28 1989						WEDNESDAY SEPTEMBER 27 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	153.46	−1.6	141.49	131.54	+0.1	5.02	155.87	143.23	131.46	157.14	128.28	138.10
Austria (19)	160.64	−0.3	148.11	157.06	−0.3	1.56	161.06	148.01	157.54	162.96	92.84	87.53
Belgium (63)	143.95	−0.4	132.72	140.58	−0.4	3.93	144.47	132.75	141.08	144.47	125.58	120.14
Canada (123)	149.49	+0.4	137.75	127.71	+0.6	3.16	148.82	136.74	126.89	153.59	124.67	119.46
Denmark (36)	198.47	+0.9	182.99	197.66	+1.0	1.61	196.69	180.73	195.75	219.89	165.35	131.41
Finland (26)	123.14	+0.0	113.53	111.17	+0.1	2.49	123.12	113.13	111.01	159.16	123.12	114.70
France (126)	139.67	+0.0	128.78	139.67	+0.2	2.70	139.63	128.30	139.46	139.67	112.57	98.23
West Germany (97)	101.09	+0.2	93.21	98.89	+0.2	2.07	100.92	92.73	98.72	102.43	79.56	78.66
Hong Kong (46)	116.62	+1.7	107.52	116.82	+1.7	4.83	114.66	105.35	114.84	140.33	86.41	98.62
Ireland (17)	160.25	+0.2	147.75	159.40	+0.2	2.78	159.92	146.94	159.06	166.69	125.00	131.01
Italy (97)	94.95	+0.3	87.55	97.98	+0.8	2.35	94.68	87.00	96.31	96.73	74.97	74.13
Japan (455)	190.70	+0.5	175.83	169.37	+0.4	0.47	189.78	174.38	168.67	200.11	164.22	159.11
Malaysia (36)	203.30	+0.5	187.45	210.62	+0.6	2.48	202.32	185.91	209.41	203.30	143.35	136.04
Mexico (13)	310.81	−0.3	286.57	880.14	−0.3	0.57	311.66	286.38	882.56	321.99	153.32	153.75
Netherland (45)	129.99	+0.1	119.85	126.04	+0.1	4.21	129.87	119.33	125.89	130.89	110.83	102.24
New Zealand (20)	82.65	−0.9	76.21	74.35	+0.4	4.82	83.36	76.60	74.08	88.18	62.64	70.22
Norway (24)	188.44	+0.0	173.74	177.31	+0.1	1.46	188.51	173.21	177.06	198.39	139.92	111.87
Singapore (26)	162.82	−0.8	150.12	147.56	−0.6	2.00	164.19	150.87	148.45	170.62	124.57	117.82
South Africa (60)	159.34	−0.6	146.91	138.49	−1.2	4.09	160.23	147.23	140.11	160.23	115.35	108.71
Spain (43)	168.70	−0.6	155.55	152.15	−0.5	3.39	169.75	155.98	152.64	169.75	143.14	136.68
Sweden (35)	180.60	+0.9	166.52	172.25	+1.1	1.99	178.97	164.45	170.43	188.94	138.45	119.07
Switzerland (64)	91.01	+0.8	83.91	92.06	+0.9	2.05	90.28	82.96	91.26	94.16	67.81	77.22
United Kingdom (306)	151.82	−1.9	139.98	139.98	−1.5	4.51	154.70	142.15	142.15	158.41	133.28	128.15
USA (548)	141.71	+1.0	130.66	141.71	+1.0	3.24	140.31	128.93	140.31	143.84	112.13	111.44
Europe (996)	131.34	−0.7	121.10	125.24	−0.5	3.34	132.26	121.53	125.86	132.95	112.63	104.83
Nordic (121)	167.21	+0.8	154.17	155.66	+0.9	1.83	165.95	152.48	154.29	178.38	137.85	113.05
Pacific Basin (670)	186.45	+0.4	171.91	165.85	+0.4	0.71	185.65	170.59	165.15	194.72	160.44	155.89
Euro−Pacific (1666)	164.51	+0.1	151.68	149.54	+0.1	1.56	164.41	151.07	149.35	166.98	141.56	135.58
North America (671)	142.07	+1.0	130.99	140.83	+1.0	3.24	140.72	129.30	139.47	144.24	112.79	111.85
Europe Ex. UK (690)	117.94	+0.1	108.74	116.05	+0.3	2.66	117.77	108.22	115.75	118.18	96.30	90.40
Pacific Ex. Japan (215)	135.37	−0.5	124.81	121.82	+0.5	4.64	136.02	124.93	121.20	137.65	111.93	117.14
World Ex. US (1862)	164.03	+0.1	151.23	148.94	+0.1	1.64	163.92	150.62	148.75	166.35	141.49	134.70
World Ex. UK (2104)	155.31	+0.6	143.20	147.10	+0.6	1.94	154.41	141.88	146.23	155.66	136.98	125.39
World Ex. So. Af. (2350)	154.96	+0.4	142.87	146.47	+0.4	2.14	154.39	141.86	145.87	155.92	136.87	125.74
World Ex. Japan (1955)	138.12	+0.3	127.35	134.79	+0.4	3.34	137.74	126.56	134.25	138.29	114.51	109.60
The World Index (2410)	154.98	+0.4	142.90	146.42	+0.4	2.15	154.42	141.89	145.83	155.89	136.68	125.62

Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Insurance

Investment Trusts

Plantations

Shipping

Utilities

Water Works

Miscellaneous Warrants

USM Appendix

The Third Market Appendix

Rule 535(2)

Yates Bros Wine Lodges PLCOrd 25p – £2.85♦

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Ampol Expln. A$2.22811 (27/9)
Aust. Oil & Gas 35 (22/9)
Boral £1.76
Comex Aust 2.5,3♦ A$0.051 (27/9)
Cultus Res. A$0.29 (27/9)
Energy Oil & Gas A$2.3,2.3115♦ (27/9)
Enimont Spa L1585♦1620 (25/9)
Forest Laboratories $36.875♦ (27/9)
Haw Par Bros Int. (Singapore reg) S$2.88,2.90398
Hexcel Corp $22,22.65,22.25♦ (26/9)
Highveld Steel & Vanadium $4.35
Jennings Properties 30 (25/9)
Keystone International $18¾♦½♦ (25/9)
Kollmorgen Corp $18¼♦19♦20 (22/9)
Kulim Malaysia Ord 33 (26/9)
Lawter International $12
Malaysian Airline System HK$10.06332,10.1086
Malaysian Plantations 35
Murray & Roberts Hldgs R23 £3.58♦
Nixdorf Computers DM381
Noranda £13.375
Oil Search 35 A$0.735
Palabora Mining R62.5
Phoenix Oil & Gas A$0.568 (25/9)
Pilgrim C$0.02♦ (27/9)
Regal Hotels (hldgs) HK$1.77,1.77924 (26/9)
Rutgerswerke AG DM569.23♦
Samantha Expln. A$0.8 (22/9)
Selangor Properties S$1.685,1.69342 (26/9)
Sensormatic Electronics $11.9167♦ (25/9)
Singapore Land S$13.7,13.77065,14
Southwest Gold mines 1 (27/9)
Square Gold & Minerals A$0.201 (22/9)
Strategic Minerals Corp A$0.4752 (26/9)
Sun Electric Corp $14.32046♦
Target Res. A$0.3968,0.404♦ 17 (27/9)
Terrex Res. A$0.0605
United Overseas Land S$2.205,2.21602 (26/9)
Victoria Petroleum A$0.139 (27/9)
Winsor Ind. 67.0426 (27/9)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Third quarter closes firmly for shares

THE UK stock market ended the third quarter of the trading year in good form yesterday. It sailed safely through the potentially turbulent expiry session in the London futures and options markets and, buoyed by the vigorous defence mounted by the central banks for sterling, moved higher as trading for the next equity account period got under way in late dealings.

Equity turnover increased as the session progressed, and a return of speculative interest was regarded by some analysts as an indication of renewed optimism in the sector. The Footsie Index, although in negative territory for most of the day, advanced towards the end of the session and closed only just short of the 2,300 mark abandoned so abruptly on Thursday. At its final reading of 2,299.4, the FT-SE Index was 7.7 up at the day's best level.

Despite the early strength of sterling and signs of determined support for it in the Far East, equities opened lower and extended their losses in nervous trading, with dealers shying away from an initial rise in London three-month money rates. The stock market grew increasingly apprehensive as 12.30pm – the likely time for the Bank of England to signal a base rate increase – grew closer.

However, as first the Footsie Futures and Options expiration passed off safely, and then the Bank left lending rates unchanged, share prices began to rally. After 3.30pm, when business opened for the new equity account, prices improved in higher turnover.

The end of the old account also marked the end of the third quarter, so that the late uptick indicated hopes in the market that fund managers will take an optimistic stance in the final quarter of the year. Many managers enjoyed successful business in the third quarter, when the FT-SE Index added 6.9 per cent (See chart). Few wanted to sell stock this week, when the market first trembled and then fell sharply; some believe that the market, with the FT-SE still below 2,300, presents buying opportunities.

At Nomura Securities, Mr Nicholas Knight, market strategist, recommends clients to, "re-commit liquidity below 2,300", although he adds that until the year-end, events, "are merely a side-show" – implying little dramatic action.

The equity market's retreat of 5.2 per cent from the Footsie peak for the year of 2,426, reached on May 9, still leaves the Index with a net gain of 28.2 per cent this year.

While some funds missed out on the initial gain in the 1989 market, which came early in the first quarter, most can be expected to have at least kept pace with leading indices in the second and third quarters. For market makers, however, the generally low level of turnover has presented serious problems.

Account Dealing Dates

First Dealings:	Sep 4	Sep 18	Oct 2
Option Declarations:	Sep 14	Sep 28	Oct 12
Last Dealings:	Sep 15	Sep 29	Oct 13
Account Day:	Sep 25	Oct 9	Oct 23

*New time dealings may take place from 9.00 am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.57	84.61	84.76	85.09	85.22	87.92	89.29 (9/2)	83.75 (14/8)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.68	95.98	96.03	96.08	96.09	96.56	99.59 (16/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1885.7	1876.2	1907.4	1913.5	1937.3	1476.5	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	212.0	216.2	212.9	211.8	209.2	171.8	215.2 (28/9)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2299.4	2291.7	2331.2	2336.1	2359.6	1826.5	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.31	4.34	4.27	4.25	4.20	4.68				
Earning Yld %(full)	10.24	10.40	10.23	10.19	10.06	11.80				
P/E Ratio(Net)(*)	11.65	11.59	11.78	11.82	11.97	10.28				
SEAQ Bargains(5pm)	27,740	23,332	22,804	25,264	21,436	27,926				
Equity Turnover(£m)†	–	758.18	932.00	890.13	629.55	1259.20				
Equity Bargains†	–	22,601	22,709	24,152	20,883	26,320				
Shares Traded (ml)†	–	383.7	340.9	367.4	262.7	452.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. e Nil 11.54

Ordinary Share Index, Hourly changes — Day's High 1885.7 — Day's Low 1865.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1865.3	1869.4	1871.9	1873.8	1876.0	1876.7	1874.7	1881.7

FT-SE, Hourly changes — Day's High 2299.4 — Day's Low 2278.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2279.5	2282.7	2285.3	2284.2	2283.8	2285.7	2285.5	2283.8

S.E. ACTIVITY

Indices	Sep 28	Sep 27
Gilt Edged Bargains	81.0	97.3
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A
5-Day average		
Gilt Edged Bargains	82.8	82.1
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A

SE Activity 1974. †Excluding intra-market business & O'seas turnover. London report and latest Share Index: Tel. 0898 123001.

Pearl in the frame

Recent buying of composite insurers, inspired by takeover talk, switched to the life assurance arena where Pearl Assurance shares advanced strongly on talk of an imminent takeover bid.

The Pearl share price raced up to touch 553p during the morning, on sustained buying triggered by reports that Australian Mutual Provident (AMP), the Australian mutual group, had increased its lines of available credit. At the close Pearl shares were 552p, up 44p with turnover coming out at a rather disappointing 1.3m shares.

The Australian group bought the 18 per cent stake previously held by fellow-Australian company FAI, run by Mr Rodney Adler, some months ago, thereby increasing its stake to round 18 per cent.

Talk in the market was that AMP was about to launch an outright offer in the region of 600p a share for Pearl. But, as with the recent takeover speculation in composites, dealers and analysts were sceptical. "It seems the bid fervour has simply shifted sectors," said one marketmaker who added: "Pearl were 400p before AMP took the Adler stake which changed hands at 418p a share and at 550p they are looking dear — I don't believe it."

A seasoned life sector analyst agreed with this view: "Despite a 10 per cent leap in the share price I think an AMP bid is unlikely." The analyst pointed out that Pearl, with a market capitalisation in excess of £1bn, would present all sorts of technical problems for a mutual insurer.

GrandMet converts

An initial fall in Grand Metropolitan shares was largely recovered later in the day when the market took note of a new technical factor which takes effect next week.

When GrandMet bought Pillsbury last October, it made a one-for-seven rights issue in the form of convertible loan stock. That issue is converted into shares today, September 30. A total of 128m new shares will exist on Monday, effectively the result of the rights issue.

Analysts say that the result will be increased demand for the stock because the more than £700m rise in market capitalisation will increase the stock's weighting in indices. Index-linked funds would need to top up their holdings to keep a level weighting in their portfolios. All eyes will be on US-based funds in particular, because they have not been able to hold any of the convertible loan stock.

GrandMet initially fell to 577p, partly on continued vague talk of the possible resignation of a senior board member. Most dealing in the convertible loan stock ended with the account at 3.30 and the ensuring recovery in the equity took the price to 583p, still a net 4 lower, on strong turnover of 4.3m shares.

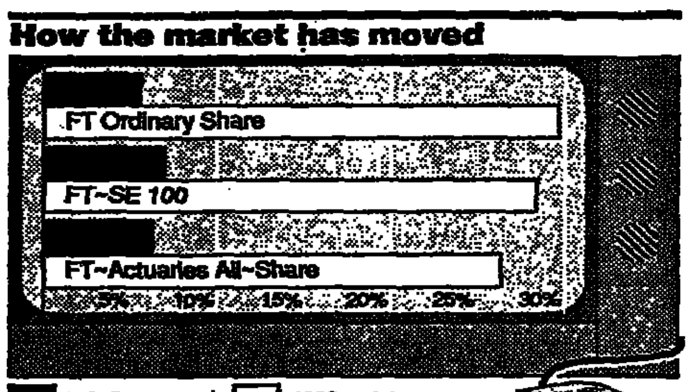
Wellcome wanted

A substantial lead to yesterday's rally in equities came from Wellcome after reports of another valuable potential market for Retrovir, its anti-Aids drug. The British Medical Journal has disclosed that research tests in Holland show that AZT, the technical name for Retrovir, may prevent Aids-related dementia, which afflicts many of those suffering from acquired immune deficiency syndrome.

The shares put on 19 to 584p on turnover of 2.3m shares. After rising strongly since its acceptance by the US regulatory authorities and the board's move to cut the Retrovir price, Wellcome shares received a further boost earlier this week from reports of problems with a rival anti-Aids product from Bristol-Myers. However, the shares show little change on the week after suffering in Thursday's shakeout in the London equity market.

Ranks Hovis MacDougall moved briskly ahead on a belief that a takeover was more likely since the Takeover Panel threw out BAT's attempt to block Hoylake's bid. The main investors in Hoylake also control Sunningdale, which has a 29.9 per cent stake in RHM. RHM which closed up 9 at 457p.

How the market has moved



Unigate was helped by renewed talk that Mr Larry Goodman, the Irish entrepreneur, may be planning to dispose of his stake in the company. Dealers said that Mr Goodman may have judged that a full bid for Unigate could run into regulatory difficulties and that as his holding is more than £1 above purchase price he may be waiting for an opportunity to take his profits. However, analysts doubted these tales, noting that there appeared to be no obvious buyers for Goodman's Unigate stake. It closed up 4 at 389p.

Asda was set alight by late news that the Belzberg brothers, the Canadian arbitrageurs, had increased their stake in the company to 4.9 per cent.

Analysts said the brothers were probably hoping to tempt a predator into launching a bid. Mr Philip Dorgan, of Goldman Sachs, said the stake change had come as no great surprise and that Asda has been the subject of takeover talk for some months. "The Belzberg's are clearly trying to get the pot boiling," he said.

Several favourites as possible suitors were again talked about yesterday. In particular, A&P, the US retail group; Loblaw, the Canadian retail group; and Dairy Farm International of Hong Kong, were all mentioned.

Analysts pointed out that the Belzberg's move followed a week when Asda's share price had been on the wane as Asda came closer to completing its £705m purchase of 61 superstores from Gateway. However, marketmakers said that as no other big retailer currently seemed a realistic takeover target, Asda had attracted the speculators' interest, and would remain "in play" next week. Asda closed up 7¼ at 185½p, is strong volume of 15m shares.

Shares in British Aerospace bounced as the market came to the view that the company was unlikely to suffer from Braniff Airline's decision to file for bankruptcy under Chapter 11 of the US Bankruptcy Code. BAe builds the wings for Airbus, for which Braniff has placed orders. The shares closed at 647p, a gain on the day of 16.

Mr Dudley Eustace, BAe's finance director, gave a bullish address at a lunch with institutions at Henderson Crosthwaite, the broking house, yesterday, as a prelude to a series of presentations to US institutions in New York, Boston and Toronto next month. Henderson says BAe shares have been oversold since the recent interims and talk of a strong recovery in the group's civil aircraft business. "Profitability will continue to expand over the next five years after a period of substantial losses," said Mr Brian Newman of Henderson.

Vague speculation earlier in the week that BAe might become a white knight if a bid for Jaguar were to materialise, or help out Ferranti, were said to have receded yesterday. Also underpinning the price were reports of a visit from a Japanese delegation earlier in the week thought to be interested in placing orders for the the Harrier jet.

Among overseas traders, James Finlay shares rose 2 to close at 132p. Mr Stephen Quaile, analyst at Sheppards Research said: "The company takes 40 per cent of its profits from growing and selling tea and I believe this is a stock that has risen on the back of the 35 per cent rise tea price."

The banks moved in line with the market and staged a strong late rally. The biggest action in the big four was in Barclays where a large buying order late in the day helped the shares improve to close a net 4 higher at 537p. Midland moved in a 17p range, sliding to 353p early in the session in profit-taking, but then responding to another wave of speculation that a much closer tie-up between Midland and Hong Kong and Shanghai Bank is imminent. By the end of the day Midland shares had recovered to close 6 higher at 365p on turnover of 2.6m.

Recent talk that a West German bank is about to launch an offer for Morgan Grenfell boosted Morgan shares 2 more to 355p but SG Warburg remained a dull market, slipping 3 more to 411p.

The Pearl speculation gave a widespread boost to other life assurances. London & Manchester, a long-time bid favourite in the sector, moved up 7 to 307p, while a couple of recent buy notes helped Legal & General edge up 4 to 359p. Sun Life, full of the interim dividend, ran up 27 to 1115p.

Birmingham Mint, the Birmingham-based maker of electrical components, plummeted as the chairman posted a profits warning. He said the company had been hit by rising interest rates. The shares closed at 134p, down 28 on the day.

The stake-building stories in BPB continued to do the rounds, with BPB shares rallying after an uncertain start to close a net 6 higher at 263p. Costain, also stimulated by vague takeover talk, moved up 7 to 318p.

A regular buyer of John Menzies was nowhere to be seen, said dealers, after the company's chairman warned that first quarter profit was "below budget and reflects a difficult trading environment." He said that first half profits would be flat. The shares weakened quickly to close 14 off at 410p.

Whitbread weakened with the market despite Thursday's talk that it might have to sell all or part of its spirits business to comply with US laws. Whitbread is in the process of buying a chain of restaurants in the North West United States.

The electronics sector was the scene of substantial activity with GEC attracting turnover of 14m shares and ending the day a net 2½ ahead at 242p. Cable & Wireless rose 3 more to 560p on 2.4m after the company announced that its ADS offering had been increased by 15 per cent to 12,075,000 ADS's, representing 36,225,000 C&W shares.

The Racal twins bounced after the recent spate of selling induced by several profits downgradings; Telecom jumped 9 to 368p and Electronics, on turnover of 5.1m, added 5 at 227p.

Figures from Trusthouse Forte, line with expectations, were "unexciting," said analysts. The shares ended unchanged at 331p having touched a low during the day at 325p. Mr Paul Slattery, at Kleinwort Benson, trimmed his profit forecast for the year to January 1990 from £275m to £265m because of higher interest charges. On the bright side he identified good growth from popular restaurant chains and overseas.

Arlen shares soared 18 to 92p after the proposed 26-plus cash injection by Seaforth Investments. Tunstall, on the other hand, slumped 32 to 235p after the group revealed it was having to make a further provision of £1.6m, and that profits for the current year would be significantly lower than the previous one.

■ Other market statistics, including the FT-Actuaries Share Index, Page 13

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (38). AMERICANS (2) BREWERS (1) BUILDINGS (4) CHEMICALS (1) STORES (2) ELECTRICALS (1) FOODS (1) INSURANCE (2) MOTORS (1) TRUSTS (13) PLANTATIONS (1).

NEW LOWS (162). BRITISH FUNDS (18) CORPORATION LOANS (1) LOANS (2) AMERICANS (7) CANADIANS (4) BANKS (2) BUILDINGS (8) CHEMICALS (2) STORES (8) ELECTRICALS (10) ENGINEERING (5) FOODS (3) HOTELS (1) INDUSTRIALS (21) Beaverco, Benlox, Black (P.), Bodycote Int'l., Bridport-G., Business Tech. Grp., Corton Beach, Creighton Naturally, Fenner (J.H.), Hanson Wrnts., Hyman, NMW Computers, Norcros, Reliant Grp., Sale Tilney, Scott Robertson, Smithkline Bch. Eq. Units, Spandex, Tubler Exbbs., Wills, Wilshaw, LEISURE (2) MOTORS (5) PAPERS (3) PROPERTY (6) SHOES (1) TEXTILES (1) TRUSTS (3) OILS (3) OVERSEAS TRADERS (1) THIRD MARKET (2).

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	8	77	20	65	389	71
Corpn. Dom. & Foreign Bonds	0	15	27	15	59	136
Industrials	278	584	732	1,077	3,034	3,859
Financial and Props	125	198	346	528	1,130	1,679
Oils	23	41	29	93	197	171
Plantations	2	0	9	13	5	37
Mines	19	70	85	151	239	480
Others	50	114	89	230	523	495
Totals	505	1,099	1,337	2,172	5,576	6,928

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday September 28 1989

Agencies	+ 49.42	Food Manufacturing	+ 24.18
Motors	+ 42.21	Chemicals	+ 23.46
Food Retailing	+ 39.32	Merchant Banks	+ 23.27
Health & Household Products	+ 38.63	Capital Goods	+ 22.55
Investment Trusts	+ 35.46	Textiles	+ 22.50
Gold Mines Index	+ 32.92	Banks	+ 22.12
Brewers and Distillers	+ 31.97	Mining Finance	+ 22.11
Other Industrial Materials	+ 31.72	Electricals	+ 22.09
Conglomerates	+ 31.21	Stores	+ 21.48
Other Groups	+ 30.91	Building Materials	+ 20.82
Consumer Group	+ 28.81	Electronics	+ 18.44
Leisure	+ 28.62	Financial Group	+ 18.42
Industrial Group	+ 27.68	Publishing & Printing	+ 14.54
Insurance(Life)	+ 27.56	Telephone Networks	+ 14.39
Mechanical Engineering	+ 27.37	Packaging & Paper	+ 13.13
Transport	+ 27.32	Overseas Traders	+ 9.83
500 Share Index	+ 27.29	Property	+ 9.75
All Share Index	+ 25.89	Metals & Metal Forming	+ 9.29
Oil & Gas	+ 25.04	Insurance(Brokers)	+ 8.65
Insurance(Composite)	+ 24.56	Contracting,Construction	+ 5.44

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	104-09	-5/32	11.75	11.15	10.74
	9.750	1/98	95-00	-2/32	10.67	10.39	10.07
	9.000	10/08	94-18	+0/32	9.63	9.46	9.23
US TREASURY *	8.000	8/99	97-22	-7/32	8.35	8.23	8.23
	8.125	8/19	98-10	-7/32	8.28	8.20	8.17
JAPAN No 111	4.600	6/98	96.5449	+0.263	5.18	5.28	5.05
No 2	5.700	3/07	105.2621	-0.293	5.13	5.12	5.02
GERMANY	6.750	6/99	98.1000	-0.150	7.02	6.89	6.81
FRANCE BTAN	8.000	7/94	95.8413	-0.270	9.09	8.90	8.60
OAT	8.125	5/99	95.4500	-0.660	8.83	8.60	8.40
CANADA *	9.500	10/98	98.1500	-0.150	9.81	9.65	9.50
NETHERLANDS	7.250	7/99	99.1600	-0.140	7.37	7.22	7.15
AUSTRALIA	12.000	7/99	91.0322	-0.446	13.68	13.48	12.97

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Ivorian price cut sends cocoa lower

COCOA PRICES fell to 4-month lows on the London Futures and Options Exchange (Fox) yesterday after the Ivory Coast, the world's biggest producer, announced that it was again cutting the price it paid to its growers.

The move, which is expected to result in Ivorian cocoa being supplied more freely to the market, sent the December futures price down to £730 a tonne at one point. Prices recovered later, but the December position still ended down £34 on the day and £50 on the week at £740 a tonne.

For the 1989-90 season the guarantee price to Ivorian cocoa farmers will be 200 CFA francs (38.5p) a kilogram, down from Fr250 for the 1988-89 mid-crop and Fr400 for the last main crop. If collection and export costs remain unchanged the total cost will be between £600 and £700 a tonne, one London trader calculated yesterday, making the Ivory Coast the cheapest producer.

In recent years determination to maintain producer returns and not to sell at a loss had forced the country into a withholding policy that for a while helped to bolster world prices. But growing recognition that the dire condition of the Ivorian economy meant that such a policy could not be sustained in the face of mounting world cocoa stocks has recently been reflected in the weakness of the world market.

After a firmish start to the week cocoa prices had already come under pressure before the Ivorian announcement, partly as a result of renewed rumours, still unconfirmed, of the cancellation of a large sale of Ivory Coast beans.

That deal, in which Philipp Brothers (Phibro) of New York secured 500,000 tonnes of 1989-90 crop beans – 200,000 tonnes of which were being passed on to Sucres et Denrées (Sucden) of Paris – has already caused considerable confusion in the market.

At first the control by just two trade houses of such a large proportion of Ivorian supplies – some 64 per cent of the 1988-89 total – was construed as bullish. Then Phibro revealed that nearly all its purchase was already committed to customers, which knocked the market because it suggested that uncovered demand was less than had been assumed. Now suggestions that the Phibro deal is off (Sucden's purchase is not thought to be affected) is further undermining market sentiment – the implications for Phibro's sales commitments seemingly being disregarded.

The coffee market had a quiet week as traders waited in vain for definite news from the International Coffee Organisation meeting that began in London on Monday.

On the one hand the market has been encouraged by vague pronouncements from the US administration about working for the reactivation of the price-supporting International Coffee Agreement as part of its backing for Colombia in its war with the drug barons. But on the other, it has been depressed by the undisguised lack of enthusiasm for the pact displayed by Brazil, the world's biggest producer by far.

Mr Jorio Danster, president of the Brazilian Coffee Institute, did not even bother to attend the first week of the meeting. He lead the Brazilian delegation from Monday, but before his departure yesterday he made it clear that his stance would be even tougher than at the failed talks which preceded the suspension of the ICO export quota system in July.

He explained that the expansion of Brazilian sales since then would have to be taken into account in any new agreement. "It is not possible to reconstruct the status quo," he warned, "the problem now is more complex.

"There has been no change in any country's attitude and as long as the original impasse that led to the agreement's collapse is not dealt with, there can be no new accord."

On the London Metal Exchange copper prices were hit on Monday by a large rise in LME warehouse stocks, which pushed the cash price £80.50 lower at £1,750.50 a tonne. What dealers described as "stale bull liquidation" triggered stop-loss selling on Tuesday and with the New York market also weak the cash LME price dipped to £1,697 a tonne. Short-covering and profit-taking purchases then halted the slide, however, and by last night's close the price was back to Monday's level.

Aluminium also began on a weak note, but concern about a stoppage caused by hurricane damage at Alumax's Mount Holly smelter in South Carolina helped to reverse the trend. By last night's close the cash price was up $33.50 on the week at $1,764 a tonne.

An advance in tin prices gathered pace yesterday, encouraged by buying by an influential merchant who had recently been a seller. Yesterday's $350 rise left the cash price $495 up on the week at $8,587.50 a tonne.

Richard Mooney

APPOINTMENTS

Changes at Wellcome company

■ Mr Philip R. Tracey has joined the board of WELLCOME. Mr Tracey was appointed executive vice president of Burroughs Wellcome Co, Wellcome's US subsidiary, on May 1, and will succeed Mr T.E. Haigler as president and chief executive officer upon Mr Haigler's retirement on November 1.

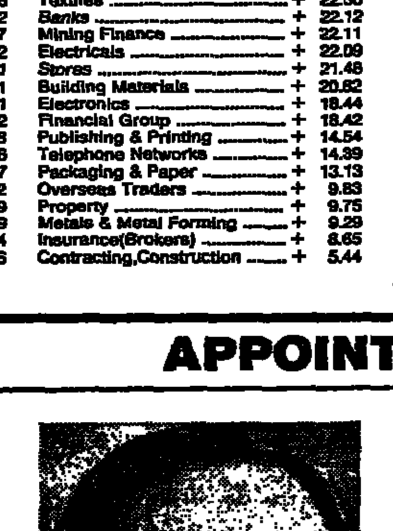
Dr David W. Barry has also joined the board. He was appointed to the position of vice president of research, development and medical of Burroughs Wellcome Co on September 1 following the retirement of Dr Howard Schaeffer.

■ Mr Hugh Sykes has become executive chairman of NEEPSEND. He was formerly chairman of Thermal Scientific and Technical Component Industries and is currently chairman of the Sheffield Development Corporation.

■ On October 1 Mr George Younger, MP, will join the boards of THE ROYAL BANK OF SCOTLAND GROUP and its largest operating division, the Royal Bank of Scotland.

At the same time Mr Jimmy James is retiring from the board from the Royal Bank of Scotland, but will remain a director of the Royal Bank of Scotland Group.

■ Mr Brian Dawson becomes actuary of COMMERCIAL UNION EUROPE & OVERSEAS. He retains his responsibilities as life manager of the British & European Reinsurance Co.



Bermuda's oldest bank, THE BANK OF N.T.BUTTERFIELD & SON, is opening Guernsey's newest bank on October 2 having established a subsidiary on the island. It is the Bank of Butterfield International (Guernsey). Mr Graham Brooks (above), formerly senior manager of the Royal Bank of Scotland in Guernsey, has been appointed managing director. Mr John Evett, who recently retired as managing director of Baring Brothers (Guernsey) has been appointed a director of the new bank.

■ On October 1 Mr Neville Thrower will become European manager of NORWICH UNION. He was managing director of the company's subsidiary, the Ilios insurance company in Greece. Mr Ron Dyer, overseas manager, retires on September 30.

■ Mr George Gwilt, Dr Tom Johnston and Mr David Stevenson have been made non-executive directors of HODGSON MARTIN from October 1. Ms Lindsay Boyd and Ms Sheila Mackie have become associate directors. Mr Richard Martin has resigned as an executive director, but will continue to manage the UK affairs of Caspen Oil.

■ ABN SECURITIES (UK), the London securities arm of ABN Bank, has appointed Mr Richard W. Goodfellow as director of equities. He joins from Credit Suisse Buckmaster & Moore where he was a divisional director.

■ Mr David Bolton has become group financial director at WEAVER HOLDINGS. Mr Douglas Page has been appointed managing director of Weaver Construction. He was previously surveying director.

■ NATIONAL & PROVINCIAL BUILDING SOCIETY has appointed Mr Kevin James Wilford as director of N&P Financial Services with responsibility for consumer credit. He was finance director at Diners Club.

■ Mr Robin Harwood has joined AIR CALL CELLULAR, part of Air Call Communications, as sales director. He was an international sales manager with BT International Networks.

■ EXEL LOGISTICS NEWSFLOW has made Mr Ian Rogers its financial director.

■ MOTOR PANELS, a member of the CH Industrials Group, has appointed Mr Greg Mullins as managing director of its operation in Wigan. He was a director and general manager.

■ GEC-XPELAIR has appointed Mr Tony Hayward to the newly created position of technical director.

NORSK DATA UK has appointed Mr Neil Colling (above) as marketing director. He joins from Data General.

■ Mr Chris Peters has been made deputy managing director of TOWRY LAW (GENERAL INSURANCE), the Lloyd's broking subsidiary of the Towry Law Group. He remains finance director and secretary.

■ Mr David K. Athill is joining SALVATORE FERRAGAMO SPA as director of European business development. He is European managing director at Batus Retail.

■ BRANSTON PRODUCE has promoted Mr Richard J. Marshall to production director.

■ Mr John Warwick has been appointed sales director of SOUND ATTENUATORS INDUSTRIAL, part of the Salex Group.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	55.01	55.54xd	59.09	-0.39	4.64
Gilts & Fixed Int	6	108.2	108.2xd	114.7	-0.20	9.72
High Inc Equity	6	137.0	139.7	148.7	-1.90	4.27
Worldwide Bond	6	197.7	197.7xd	209.5	-1.70	5.06
Capital Growth						
American Growth	6	197.8	199.8	212.6	-1.10	0.89
Asian Pacific	6	111.8	113.9	121.2	-0.70	1.07
Assets & Earnings	6	161.9	165.4	176.0	+0.70	2.10
Capital Reserve Acc	0	86.73	86.73	86.75	+0.01	4.61
Capital Reserve Inc	0	76.99	76.99	77.01	+0.01	5.19
Comdty & Energy	6	109.8	113.0xd	120.3	-1.30	1.58
1992 Enterprise	6	61.05	62.24	66.22	-0.39	1.93
Euro Capital Acc	6	96.59	97.38	103.6	+0.60	0.72
Euro Capital Inc	6	93.14	93.90	99.90	+0.55	0.75
General	6	178.9	178.9xd	191.4	-2.40	2.61
International	6	54.63	55.50	59.05	-0.45	0.85
Japan	6	121.6	123.5	131.4	-0.40	0.00
Mastertrust	6	91.80	93.37	99.33	+0.67	1.71
UK Growth Acc	6	203.0	203.0	217.2	-2.20	1.29
UK Growth Dist	6	135.5	135.5	145.0	-1.50	1.93
US Emerging Cos	6	54.62	54.62	58.42	-0.12	0.00
Income & Growth	6	308.5	314.9	335.1	-4.10	3.06
Ethical	6	49.87	51.11	54.38	-0.48	1.84
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	33.37	33.37	35.62	-0.27	2.87
European	5¼	75.05	75.22	80.30	-0.15	0.00
European Income	5¼	70.91	70.91xd	75.70	-0.29	2.49
Exempt	1	826.9	826.9	860.0	[illegible]	1.82
Extra Income	5¼	44.96	44.96xd	47.99	-0.50	4.37
F East Emerg Econ	5¼	57.99	58.29	62.43	-0.57	0.38
Fund Inv Tst	5	133.6	134.7	143.8	+0.30	1.91
Do Accum	5	208.0	209.8	224.0	+0.50	1.95
Gilt & Fixed Int	5¼	21.11	21.82xd	23.29	-0.02	10.36

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Buckmaster Mangmt Co Ltd—Contd.						
Income	5	164.3	169.8	180.2	-2.1	4.39
(Accum Units)	5	320.5	331.2	351.4	-4.0	4.39
International	5	123.6	123.6	130.7	-0.7	3.91
(Accum Units)	5	170.0	170.0	179.8	-1.0	3.91
Smaller Co's	5	115.2	118.2	125.4	-1.0	1.82
(Accum Units)	5	126.7	130.0	137.9	-1.0	1.82
Inv Portfolio	2½	56.23	58.26	60.06	-0.61	3.24
(Accum Units)	2½	58.37	60.48	62.35	-0.63	3.24
High Income Port	5	49.03	49.43	51.22	-0.56	6.17
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 01-480 7216						
Stk Dol Gilt & FI	1¼	54.33	54.33	55.12	+0.02	12.66
CCF Foster Braithwaite UT Mngt (1100)F						
1 White Hart Yard, London SE1 1NX 01-407 5966						
F & B Sel Int Grth	5¼	49.97	49.97	53.84	+0.58	1.39
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 01-740 7070						
UK General Tst	5½	56.73	57.71	61.72	-0.68	2.23
Global Tst	5½	46.81	47.35	50.64	-0.28	2.01
Recovery Tst	5½	50.64	50.64	56.27	-0.87	1.92
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000						
Growth Fd Acc	5	119.0	114.4	120.7	-1.5	4.24
CS Fund Managers Limited (1000)H						
125 High Holborn, London WC1V 6PY 01-242 1148						
CS America	5	65.78	65.78	69.97	-0.07	0.88
CS International	5	62.55	62.55	66.54	-0.48	1.54
CS Japan	5	154.2	154.2	164.0	+0.5	0.23
CS Portfolio Inv ‡	5	75.85	75.85xd	80.69	-0.95	1.69
Canada Life Unit Tst Mngrs Ltd (1200)F						
High St, Potters Bar, Herts, EN6 5BA 0707 51122						
Can Gen Dist	5	148.3	150.9	158.8	-1.90	2.91
Do Gen Accum	5	250.4	254.9	268.3	-3.20	2.91
Do Income Dist	5	98.30	100.5	105.8	-0.90	5.33
Do Inc Accum	5	225.2	230.2	242.3	-2.20	5.33
Gilt & Fxd Int	5	35.86	35.94xd	37.83	-0.04	8.48
Cannon Fund Managers Ltd (0700)H						
1 Olympic Way, Wembley, HA9 0NB						
01-902 8876. Dealing: 0800 282621						
Growth	5½	39.65	39.86	42.63	-0.30	2.39
Income	5½	49.68	50.12	53.61	-0.07	3.86
Far East ‡	5½	40.66	41.40	44.04	-0.22	0.05

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ✠ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ‡ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99	98	Exch 11pc 1989	99		–	–
99	95	Treas 5pc 1986-89	99		–	–
99	98	Exch 10¼pcCv '89	99		10.31	13.84
101	99	Treas 13pc 1990‡‡	99		13.04	13.45
132	124	Treas 2pc IL '90(84.6)	132		2.09	9.98
99	98	Exch 11pc 1990‡‡	99		11.10	13.37
101	99	Exch. 12½pc 1990	99		12.57	13.84
95	91	Treas. 3pc 1990	95		3.14	11.15
97	95	Treas 8¼pc 1987-90‡‡	96		8.50	12.71
98	95	Treas. 8pc Cv 1990 ‡‡	96		8.30	12.91
98	96	Treas. 10pcCv 1990	96		10.31	13.14
93	87	Exch 2½pc 1990	92		2.71	9.65
101	98	Treas 11¾pc 1991	98½		11.92	12.93
93	89	Funding 5¾pc '87-91‡‡	92		6.21	11.21
90	86	Treas. 3pc 1991	89		3.34	10.04
100	95	Treas 10pc Cv '91 ‡‡	95		10.43	12.66
101	97	Exch. 11pc 1991	97		11.29	12.44
94	91	Treas. 8pc 1991	91		8.73	12.43
106	101½	Treas 12¾pc 1992‡‡	101½		12.56	11.94
99	95	Treas 10pc 1992	95		10.44	12.07
94	91	Treas. 8pc 1992 ‡‡	91		8.75	12.03
100	96	Treas 10½pc Cv 1992‡‡	96		10.84	11.92
85	82	Treas. 3pc 1992	84		3.57	9.85
105	100	Exch. 12¼pc '92	100		12.14	11.86
109	104	Exch 13½pc 1992	104		12.94	11.73
94	90	Treas 8¼pc 1993	90		9.08	11.55
100	95	Treas 10pc 1993‡‡	96		10.42	11.42
108	103	Treas 12½pc 1993‡‡	103		12.11	11.39
88	84	Funding 6pc 1993‡‡	85		7.03	10.64
113	107	Treas 13¾pc 1993‡‡	107		12.74	11.27
94	89	Treas. 8½pc 1994	90		9.39	11.31
117	111	Treas 14½pc 1994‡‡	111		12.99	11.08
113	107	Exch 13½pc 1994	107		12.53	11.28
100	95	Treas. 10pc Ln. 1994‡‡	95		10.43	11.14
110	104	Exch. 12½pc 1994	104		11.96	11.24

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
96	91	Treas 9pc 1994‡‡	92		9.77	11.03
108	102	Treas 12pc 1995	103		11.64	11.19
79	74	Exch 3pc Gas 90-95	74		4.04	8.94
101	95	Exch. 10¼pc 1995	96		10.62	11.06
113	107	Treas 12¾pc 1995‡‡	107		11.83	10.96
119	112	Treas. 14pc '96	112		12.41	11.09
97	91	Treas. 9pc 1992-96‡‡	92		9.77	10.73
126	119	Treas 15¼pc 1996‡‡	119		12.72	10.94
117	110	Exch 13¼pc 1996‡‡	110		11.97	10.92
101	94	Conversion 10pc 1996	95		10.43	10.82
118	110	Treas 13¼pc 1997‡‡	111		11.86	10.85
104	97	Exch 10½pc 1997	98		10.67	10.80
95	88	Treas 8¾pc 1997‡‡	90		9.69	10.58
128	120	Exch 15pc 1997	121		12.69	10.94
100	93	Exch. 9¾pc 1998	95		10.26	10.66
84	78	Treas 6¾pc 1995-98‡‡	80		8.42	10.28
134	125	Treas. 15½pc '98‡‡	126		12.23	10.77

BRITISH FUNDS—Contd

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

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AMERICANS – Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
35⅛	27⅝	Ford Motor $1	31⅛xd	–⅛	$3.00	–	6.0
37¾	24¼	Gen. Elect. 63c	35 1/16	+3/16	$1.64	–	3.0
579p	460p	♦General Host Corp $1	491p	–7	30c	–	3.9
39⅛	18¼	Gillette $1	28¼	–⅛	96c	–	2.2
987p	601p	Gt American Bank Bk $1	759p	–11	20c	–	1.7
23⅞	16 5/16	Greyhound $1½	21	–¼	$1.32	–	4.0
14½	847p	Hasbro Inc 50c	15½	–⅛	16c	–	0.7
57⅛	32¼	Honeywell $1½	51⅛xd	+⅞	$2.10	–	2.6
22	15¼	Houston Inds. ‖	20¼	–⅛	$2.96	–	9.0
76⅞	63 13/16	IBM Corpn $1¼	67xd	–2 1/16	$4.84	–	4.6
60p	45p	♦Image Storage/R.Sys.1c	55p	......	–		–
32⅛	18¾	Ingersoll–Rand $2	28⅛xd	+⅞	$1.20	–	2.7
33¼	22½	Lockheed Crpn. $1	29⅞xd	+⅛	$1.80	–	3.8
22⅝	15 7/16	Lone Star Inds $1	19¼xd	–⅜	$1.90	–	6.3
27⅞	17½	Louisiana Land 15c	25xd	–⅜	$1.00	–	2.5
20⅝	11½	Lowe's 50c	18¼	+⅛	48c	–	1.6
28	15 11/16	Manuf. Hanover $1	26½	+⅛	$3.28	–	7.8
22⅝	13 9/16	Merrill Lynch $1	18½	–⅝	$1.00	–	3.4
2439p	1910p	Molex Inc	2329p	–17	3.2c	–	–
27 7/16	18⅛	Morgan (JP) $2½	27 1/16xd	+½	$1.66	–	3.9
107⅞	96 7/16	Morris (Philip)	101½	+1¼	$4.50	–	2.8
54½	36¼	NYNEX $1	49½	–¼	$4.36	–	5.6
44p	20p	N'wide Legal Serv.‖	28p	–1	–	–	–
24⅞	18¼	PHH Corp. ‖	22⅞	–⅛	$1.12	–	3.1
259p	179p	♦Pacific Agr.‖	212p	......	–	–	–
27¼	19	Pacificorp $3¼	25⅛xd	–⅛	$2.76	–	6.6
30¼	16⅞	Pacific Telesis 10c	27⅜	–¼	$1.88	–	4.3
22⅛	15¼	Pall Corp. 25c	21¼	–⅛	48c	–	1.4
55⅛	39⅞	Pennzoil 83 1/3c	49⅛xd	–⅛	$3.00	–	3.8
42¼	28⅛	Quaker Oats $5	38⅛	+¼	$1.20	–	2.0
32⅛	23½	Rep NY Corpn $5	29⅛xd	–⅛	$1.28	–	2.7
16	11 13/16	Rockwell Intl. $1	14⅛xd	–⅛	78c	–	3.4
29½	22	Sears, Roebuck 75c	25 13/16	–⅛	$2.00	–	4.9
35⅝	21⅛	Southwestern Bell $1	34⅝	–⅛	$2.60	–	4.8
27⅞	17 9/16	Sun Co. Inc. $1	24⅜xd	+⅛	$1.80	–	4.6
31⅛	22 13/16	TRW Inc. 62½c	28 13/16	–⅛	$1.72	–	3.8
24⅞	14⅝	TW Services $5	22⅝	–½	10c	–	0.3
39⅝	26¼	Tenneco $5	36½	–⅛	$3.04	–	5.3
35⅞	28	Texaco $6.25	31⅛xd	–⅜	$3.00	–	6.1
28 15/16	21⅝	Texas Instr. $1	23⅛xd	–⅛	72c	–	1.9
117 15/16	58⅝	Time Inc. $1	85 13/16	–⅞	$1.00	–	0.7
19⅝	15 1/16	TRINOVA Corp	17 7/16	......	s68c	–	2.5
24¼	16	USX $1	20 7/16xd	......	$1.40	–	4.4
260p	126p	♦Unilab	248p	......	–	–	–
36⅝	22⅛	Utd. Technologies	34¼xd	–⅛	$1.60	–	3.0
158p	128p	♦Utilitech Inc.	146p	......	–	–	–
46½	31½	US West‖	43⅛	–⅛	$3.76	–	5.4
40½	22⅝	Waste Management $1	40½xd	+1¼	60c	–	0.9
20½	13½	Whirlpool $1	17¼	–⅛	$1.10	–	3.9
24⅛	16¾	Whitman Corp	19 13/16	+⅛	$1.02	–	3.3
46⅝	28⅛	♦Woolworth $3½	41 1/16	–⅞	$1.88	–	2.9

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
178p	129p	♦ABM Gold Corp ‖	156p	–9	–	–	–
26p	4½p	♦Abbot Energy Corp	24½p	–½	–	–	–
16½	902p	♦Amer. Barrick Res	15	–⅛	–	–	–
28p	10½p	♦Armeno	13½p	–¾	–	–	–
33¼p	8½p	♦Augmitto Expln	11⅛p	......	–	–	–
18⅛	12¾	Bk. Montreal ‖	16¼	–⅛	$2.12	–	7.1
10⅛	655p	Bk. Nova Scot.‖	887p	–3	92c	–	5.6
821p	599p	♦BC Gas $1	769p	–16	60c	–	4.2
22⅞	17	BCE ‖	21⅛	–¼	$2.44	–	6.2
17	12¼	♦Brascan‖	15¼	+⅛	88c	–	3.1
228p	120p	♦Breakwater Res.	120p	–6	10c	–	4.5
17¼	11¼	Can.Imp Bank‖	15¼	–¼	$1.24	–	4.3
588p	374p	Central Capital "A" ‖	515p	–13	–	–	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES — Contd

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND — Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES — Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
45	35	♦Ayer Hitam SM1	40	......	♦Q53.3c	0.7	[illegible]
75	38	Gopeng Berhad M$0.50	75	......	♦Q10c	2.0	3.2
84	47	Malaysia Mng. 10c	77	–2	Q5c	4.0	1.6
180	130	Petaling SM1	160	......	Q87c	1.0	13.1
150	90	Sungei Besi SM1	125	......	Q70c	1.4	13.4
90	90	Tanjong 15p	90φ	......	–	–	–

Miscellaneous

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
247	69	Anglesey Mining 9p	225	–3	–	–	–
166	18	Do. Warrants	139	+1	–	–	–
32½	12	Anglo-Dominion	15½	–½	–	–	–
560	386	Bond Intl. Gold	560	......	–	–	–
64	38	Butte Mining 10p	40	–1	–	–	–
50	24	♦Colby Res Corp	28½	–½	–	–	–
123	83	Cons. Murch. 10c	100	......	Q30c	2.1	7.2
78	9	♦DRX Inc	10	+1	–	–	–
*27½	16	♦Ennex Int. Ir10p	16½	......	–	–	–
120	106	Europa Minerals 2p	107	......	b1.0	–	1.2
*50½	37	♦Exploara L/V 5p	41	......	–	–	–
*98	69	Geevor	73	......	–	–	–
*85	53	Greenwich Res	55	–1	–	–	–
£12¾	£4⅞	♦Hemlo Gold Mines	£8⅞	–⅛	5Q20c	–	1.3

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible] other offer estimate c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue j Payment from capital sources. k Kenya m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988 N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; & ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p y	96	.....
Craig & Rose £1 y	830	.....
Finlay Pkg 5p y	82	.....
Holt (Jos) 25p y	1343	–5

Arnotts	420	.....
Carrol (P.J.) y	154	.....
Hall (R. & H.)	180xd	.....
Heiton Hldgs. y	96	–2
For Irish Ropes see IRG		
IRG	212	.....
United Drug	140	.....

IRISH

Exc. 6¾% Ln. 1991	£97¼	–½
9% Cap Ln 1996	£98¼	–¼
Fin. 13% 97/02	£118	–½

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	38
Amstrad	11
BAT	80
BOC Grp	42
BSR	6½
BTR	32
Barclays	42
Blue Circle	24
Boots	25
Bowaters	44
Brit Aerospace	52
British Steel	7½
Brit. Telecom	21
Burton Ord	18
Cadburys	46
Charter Cons	48
Comm Union	32
Courtaulds	30
FKI	14
FNFC	22
Gen Accident	85
GEC	20
Glaxo	110
Grand Met	43
GUS 'A'	90
Guardian	18
GKN	34
Hanson	16
Hawker Sidd	60
ICI	100
Jaguar	28
Ladbroke	28
Legal & Gen	26
Lex Service	33
Lloyds Bank	29
Lucas Inds	58
Marks & Spencer	15
Midland Bk	30
Morgan Grenfell	24
Nat West Bk	25
P & O Dfd	55
Plessey	22
Polly Peck	26
Racal Elect	20
RHM	42
Rank Org Ord	20
Reed Intnl	34
STC	32
Sears	10
Smithkline Bchm. A	50
TI	38
TSB	10
Tesco	14
Thorn EMI	58
Trust Houses	24
T&N	18
Unilever	46
Vickers	18
Wellcome	42

Property

Brit Land	32
Land Securities	52
MEPC	50
Randsworth	28

Oils

Brit Petroleum	21
Burmah Oil	50
Calor	35
Charterhall	2½
Premier	9
Shell	32
Ultramar	26

Mines

Cons Gold	150
Lonrho	30
RTZ	40

FINANCIAL TIMES
Weekend September 30/October 1 1989

China reasserts right to station its troops in Hong Kong after 1997

By Robert Mauthner, Diplomatic Correspondent

BRITAIN AND China yesterday failed to resolve their differences over the future of Hong Kong, after Peking had reasserted its sovereign right to station troops there once Britain hands it back in 1997.

At a three-day meeting of the Anglo-Chinese Joint Liaison Group on Hong Kong in London, Ambassador Ke Zaishuo, the leader of the Chinese delegation, rejected British suggestions that China should make unilateral efforts to restore the confidence of Hong Kong's people, which was undermined by June's suppression of pro-democracy demonstrations in Peking.

Mr Ke also said China was unwilling to postpone the final adoption of Hong Kong's Basic Law, due to be promulgated next March, as the British delegation had suggested. London would have liked more time to discuss the contents of the Law, which will form the constitution of the special administrative region of Hong Kong.

Among the measures Britain suggested – at what Mr Robin McLaren, the leader of the British delegation, described as "an unusual, not to say exceptional meeting" – was an undertaking by China to leave the maintenance of public order in Hong Kong to the region's own police force, and to refrain from declaring martial law and stationing Chinese troops in the territory.

Mr Ke did not deny at a press conference after the meeting that there was a problem of confidence in Hong Kong. However, he said it was due mainly to distorted Western media reports of the events in Tiananmen Square and subversive elements in Hong Kong. He also intimated that "the abnormal state of Sino-British relations," caused by Britain's decision to suspend the talks of the Joint Liaison Group for several months, was responsible for the atmosphere in Hong Kong.

Mr Ke was adamant on the question of the stationing of People's Liberation Army units in Hong Kong. The problem had already been dealt with in the Joint Anglo-Chinese Declaration of 1984 on Hong Kong. To station troops on its national territory was "a symbol of sovereignty and an internal affairs matter," Mr Ke said.

While both sides frankly admitted that they disagreed on many issues, officials underlined some positive results of the meeting, which will be followed by further talks of the group on December 5-8. A joint communique stressed that Britain and China agreed that "the faithful implementation of the Sino-British Joint Declaration on the question of Hong Kong is vital for ensuring the maintenance of Hong Kong's long-term prosperity and stability."

(pse keep this par intact) Mr Ke also emphasised repeatedly that China's policy of "one country, two systems" for Hong Kong remained unchanged and that it would honour all its commitments, which include notably the pledge to maintain the colony's capitalist system for 50 years.

The Foreign Office said Britain would upgrade its representation in Hong Kong this year. Mr Anthony Galsworthy, former head of the Hong Kong department, will become head of the British section of the Joint Liaison Group, based in the colony.

Moscow faces new wave of strikes

By Quentin Peel in Moscow

THE SOVIET authorities have launched an urgent campaign to head off the threat of a fresh wave of industrial unrest, which could disrupt essential food and fuel supplies as the Russian winter approaches.

The strikes have been threatened by the Soviet coal miners, if their demands for radical reforms of the industry are not met by Sunday, and latest reports suggest they could be joined by railway workers, plus drivers on the Moscow underground system.

Izvestia, the government newspaper, warned yesterday that a state of emergency might have to be declared on the railways because of huge delays in unloading food and fuel supplies, caused by wildcat stoppages, inefficiency and the backlog of the miners' strike in July.

Details of the looming transport crisis were spelt out in the Supreme Soviet (the Parliament) this week, when deputies heard that the railways were operating 40m tonnes below their target for the first eight months of the year.

Hundreds of thousands of tonnes of rice, tea and coffee are still waiting to be unloaded in Soviet ports, and 380,000 tonnes of consumer goods are also blocked, the newspaper Sovietskaya Rossiya reported yesterday.

At the same time Moscow's underground could be brought to a standstill by drivers demanding their wages be doubled – to Roubles 900 (£892) a month – to put them on a par with regular railway drivers.

Meanwhile, leaders of the miners' strike committees from the huge Donbas field in the Ukraine were summoned to Moscow on Wednesday for a meeting with Mr Lev Voronin, the deputy prime minister.

In spite if their strike threat, miners' leaders fear the threat of a simultaneous rail strike could undermine popular and official sympathy for their case.

Some believe the railway workers have even been deliberately encouraged by conservatives in the Soviet bureaucracy to provoke a confrontation.

The Soviet authorities could not tolerate a widespread rail strike on the eve of winter, with fuel desperately needed in remote settlements.

A rail stoppage would also rapidly starve any renewed miners' strike into submission, with many remote mining settlements in Siberia dependent on rail links for food supplies.

The first hint of a rail strike was made by Mr Mikhail Gorbachev during the miners' strike. He said the rail workers were threatening to walk out on August 1.

Although they did not, there has since been sporadic action with stoppages in Azerbaijan, Moldavia, Ukraine and Lithuania.

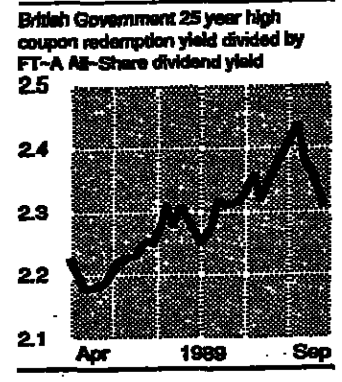
THE LEX COLUMN

Ferranti displays the damage

FT Index rose 9.5 to 1,885.7

Yield ratio

British Government 25 year high coupon redemption yield divided by FT-A All-Share dividend yield



It is a measure of Ferranti's pitiful condition that yesterday's holding statement was seemingly forced by the lack of £17,500. The amount was due to be paid as a preference dividend next Monday; but Ferranti's revenue reserves have apparently been wiped out, thus making any distribution unlawful.

The outlook for ordinary dividends is correspondingly dismal. The effect of the £172.3m net write-off is to produce a deficit on the parent company's distributable reserves of some £22m. Extrapolating last year's re-stated profits, the company could not fill the hole – and thus be in a position to pay a dividend again – until 1992. Any new equity raised will not, of course, be distributable; and the proceeds from disposals can only be paid out to the extent that they exceed book value. The chances of selling off ISC at a book profit cannot be great.

But at least the pro-forma accounts bear out the company's contention that it is still operationally viable. Gearing may be up to 125 per cent, but the interest cover still looks to be around 1.7 times. On the other hand, the accounts show the monumental scale on which the company was deceiving itself. The write-off of stocks and debtors attributable to phantom contracts is almost 30 per cent of the balance sheet total; and of last year's operating profits, just over 50 per cent did not exist.

On this kind of showing, it is hard to see the institutions being dragooned into a rights issue. Ferranti's target of at least £150m in equity amounts to 20p per share, compared to a suspension price of 73½p. The shares must surely open substantially lower than that next Tuesday; unless, that is, the market has convinced itself that a full takeover is on the way. That now seems the likeliest outcome. But it might be a mistake to be too hopeful on the price.

Equities

The London market behaved a touch perversely yesterday, gaining throughout the day as sterling weakened. But there was a sense of danger averted, at least for the moment. Mr Lawson has evidently prevailed upon his G7 partners if not to help sterling, at least to stop harming it in their assault on the dollar; hence the surprising spectacle of the Bank of Japan selling dollars for sterling.

There is a growing body of contrary opinion which says the market is getting into the buying range. This is based on a vision of the sunny uplands of the early 1990s, with only the dark shadow of 1990 in between.

It will doubtless be the case that when the present upset is over, it will once more be too late to buy. But the outlook could still be for a dull fourth quarter, or possibly worse.

So far, there has been no real evidence of the institutions selling equities. But they are still showing a capital gain of 28 per cent since the start of the year.

The point at which they would sell would be when that gain looked seriously threatened; and by then, presumably, they would have the additional incentive of 15 per cent on the street.

THF

Four months on from the last lot of talk about consortia ready to pounce from suites at Claridge's, it is increasingly hard to see Trusthouse Forte as a candidate for takeover. It is not simply that the old arguments against expecting a bid – that the Forte family would put up too stiff a fight, and that about 21.5 per cent of the shares were in the board's hands at the last count – still apply.

Yesterday's interim profits, up 22 per cent at £111m, make the further point that THF is running too well under its present management to make a bid seem worthwhile.

Bored though the market may have been with the figures, with the share price static yesterday at 331p, intriguing data were tucked away within them. The fact that one third of Japanese visitors to London stay in a THF hotel would be particularly useless except that it helps explain the excellent 24 per cent growth in profits at the group's five-star West End hotels.

Impressive, too, was the margin improvement at the chain catering operations, including Harvester and Little Chef, from 3.5 per cent in 1985 to 10.7 per cent now; and the fact that THF will soon have disposed of £130m of old Kennedy Brookes assets suggests its purchase of the group was a better deal than it first looked.

All that said, on nearly 13 times 1990 earnings – assuming pre-tax profits of about £267m – THF's shares are looking fairly valued: but the positive after-effects on market sentiment of Mount Charlotte's purchase of Thistle Hotels should prop them up.

Debt markets

While money market rates hover five-eighths of a point above base rates, as they did last night, Mr Lawson's job is going to be difficult. The Bank of England was forced to take the rare step of pulling yesterday's £700m Treasury Bill tender because it could only have sold bills at a price that would have signalled a one per cent rise in base rates, a move it had ruled out at lunchtime. By the time of next week's tender, either the market or the Bank will have had to change its mind.

In contrast, yesterday's reverse gilt auction worked almost too smoothly – £1.2bn of stock was tendered compared with the £400m the Bank was ready to buy. Given the depressed state of gilt prices after the travails of the week, the level of oversubscription appears to indicate how eager market markers are to sell. The narrow range of bids also indicated just how efficiently the gilts market is working; so efficiently,perhaps, that no-one is making any money from trading.

Both money and gilts markets are waiting to see which way the Bundesbank jumps. A mere half point rise in German rates could actually relieve the pressure on Mr Lawson, given that investors already seem to be discounting a full point rise. On the other hand, if the Bundesbank does increase rates by one point, gloomy voices are already suggesting that the Chancellor will need to raise base rates by as much as two points in order to show his counter-inflationary determination.

OFT seeks laws to curb estate agents

By David Churchill

ROGUE estate agents who give a poor or misleading service to the public could face legal restrictions or even a statutory ban under proposals put forward yesterday by the Office of Fair Trading.

However, the OFT has, for the present, ruled out more radical measures such as licensing estate agents or insisting on minimum standards of competence.

The OFT's move follows widespread complaints about sharp practices by some estate agents, such as non-disclosure of personal interests and the bidding up of prices.

Sir Gordon Borrie, director general of fair trading, said yesterday that "the public and the image of the industry are suffering from the activities of a minority of estate agents."

He added: "The public has a right to protection from oppressive or improper behaviour by those who act as intermediaries in the process of buying and selling a house."

This view of estate agents was backed up by a Mori opinion poll earlier this week which showed that estate agents were considered by the public to be the most unpopular of all professional groups.

The OFT's proposals to give consumers greater protection were drawn up at the request of Mr Eric Forth, consumer affairs minister at the Department of Trade and Industry. He asked Sir Gordon to draw up a list of certain estate agency activities which were "undesirable" and which could be banned under the 1979 Estate Agents Act.

In particular, the OFT looked at the practice – apparently common in South Yorkshire – whereby sealed bids are made to estate agents. In some cases, the OFT found that estate agents informed "purchasers of totally fictitious higher offers" in order to push up prices.

Such "undesirable" practices in its opinion also include unfair or misleading contract terms and the practice of "tie-in" sales whereby purchasers are encouraged to buy other services.

All estate agents would be obliged by law not to carry out such practices and, if found to be doing so, would be warned and then face a ban.

The OFT view of "undesirable" practices was put forward in a consultation document yesterday. Comments are required by the end of the year and government action to give them the force of law is expected early in the New Year.

The document also sets out a voluntary code of practice for estate agents.

BAT fails to get bid timetable reinstated

By Nikki Tait

BAT INDUSTRIES, the tobacco-based conglomerate which is contesting a £13.5bn takeover bid from Sir James Goldsmith's Hoylake consortium, has failed to get the original bid timetable reinstated after a ruling by the Appeal Committee of the Takeover Panel, Britain's bid watchdog.

As a result, Hoylake yesterday formally lapsed its all-paper bid for BAT, having claimed control of just 2.3 per cent of BAT. The consortium is now free to seek certain essential US regulatory consents, and, if and when such consents are secured, can rebid for BAT within 21 days. Normally a bidder would have to wait 12 months.

In spite of the restructuring plan put forward by BAT itself earlier this week, Hoylake is still suggesting that it intends to go ahead with the US procedures. It needs consents from nine state insurance commissioners for a change of ownership of Farmers Group, BAT's US insurance subsidiary.

Indications in the Hoylake camp yesterday were that the consortium is inclined to drop certain federal suits which it has brought against the US state commissioners – a move which Axa-Midi, the French insurance group which has been lined up as the buyer of Farmers if a Hoylake bid is successful, has been urging. However, the position is still being assessed.

The Appeal Committee, which met on Wednesday under the chairmanship of Lord Roskill, upheld the original Panel ruling which allows Hoylake this unprecedented *variation in the timetable.*

Like the Panel, the committee decided that "the single most important issue" was whether "the interest of BAT shareholders required that they should have the chance of considering an offer from Hoylake free from regulatory consents and within the Code timetable."

BAT is pressing ahead with restructuring plans, which involve slimming the business to financial services and tobacco via a series of disposals and demergers of its paper, retail and some miscellaneous interests. A round of institutional visits begins next week, ahead of the shareholder meeting on October 19.

Meanwhile, City analysts have started to form more considered views on what these proposals are worth in terms of the BAT share price. The table gives the estimates of six firms, independent of both BAT and Hoylake and picked at random.

Many analysts point out that these estimates are very sensitive to a number of assumptions – including the speed and net amount raised via disposals, the ratings assumed for both the demerged paper businesses and Argos, BAT's UK retail subsidiary, and the multiple attached to the ongoing BAT business.

Most forecasts also do not make any allowance for the potential share buy-back programme; Hoare Govett reckons *that this would raise its 882p* estimate to well over 900p.

ESTIMATES OF BAT BID'S VALUE

Stockbroker	Estimated value of proposals (per share)
County NatWest	910p
Hoare Govett	882p †
Kleinwort Benson	850p
Nomura Research	820p
Phillips & Drew	850p
Robert Fleming	830p #

† pre-share buyback
# base forecast only

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Heidelberger	1218	+	58
Porsche	869	+	22
Springer	590	+	10
Falls			
Altana	423	–	14
Hoesch	259	–	6.5
Rosenthal	360	–	3
NEW YORK ($)			
Rises			
Bristol-Myers	53	+	½
Coca-Cola	68⅛	+	⅝
Philip Morris	166¾	+	1¾
Falls			
Harcourt Brace	12⅛	–	4⅛
McDonalds	30⅛	–	¼
Merck	75⅞	–	⅜

New York prices at 12.30.

PARIS (FFrs)			
Rises			
Exor	1780	+	68
Vallourec	497	+	15
Falls			
BIC	785	–	20
Cetelem	867	–	13
Printemps	802	–	16
Valeo	872	–	20
TOKYO (Yen)			
Rises			
Daiichi Cement	2100	+	250
Nippon Konpo	1500	+	190
Sony Chems.	2550	+	300
Toho Rl.Est.	2200	+	300
Falls			
Kawaguchi Metal	1060	–	120
Tokuku Flour	1110	–	170

LONDON (Pence)			
Rises			
ASDA Grp.	185½	+	7½
Arlen Elect.	92	+	18
Brit. Aero	647	+	16
Caradon	474	+	14
GKN	436	+	7
Hawker Sidd.	710	+	7
ICI	1234	+	16
Lon.& Man.	307	+	7
Lucas Inds.	680	+	7
Pearl Grp.	552	+	44
RHM	457	+	9
Redland	554	+	11
Sun Life	1115	+	27
Wellcome	664	+	19
Falls			
Brit.Island Air	84	–	10
Kewill Systems	360	–	10
Menzies (J.)	410	–	14
Reuters	930	–	9
Tunstall Grp.	235	–	32
Utd. News	485	–	9

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	22	72	Dallas		–	–
Algiers	F	27	81	Dublin	C	15	59
Amsterdam	C	16	61	Dubrovnik	F	22	72
Athens	S	26	79	Edinburgh	S	15	59
Bahrain	S	33	91	Faro	S	31	88
Barcelona	F	22	72	Florence	C	18	64
Belfast	C	13	55	Frankfurt	C	15	59
Belgrade	R	15	59	Geneva	C	14	57
Berlin	F	15	59	Gibraltar	C	25	77
Biarritz	F	17	63	Glasgow	S	15	59
Birmingham	S	16	61	Guernsey	S	16	61
Blackpool	S	15	59	Helsinki	S	11	52
Bombay	S	30	86	Hong Kong	F	30	86
Bordeaux	F	18	64	Innsbruck	R	9	48
Boulogne	C	15	59	Inverness	S	15	59
Bristol	S	15	59	Isle of Man	F	14	57
Brussels	C	15	59	Istanbul	F	22	72
Buenos Aires		–	–	Jersey	S	18	64
Budapest	F	21	70	Johannesburg	S	28	82
Cairo	S	33	91	Las Palmas	F	26	79
Cape Town	C	15	59	Leeds	S	18	64
Cardiff	S	16	61	Lisbon	S	25	77
Chicago †	F	11	52	Locarno	C	20	68
Cologne	C	14	57	London	S	17	63
Copenhagen	F	15	59	Los Angeles †	F	18	64
Corfu	Th	24	75	Luxembourg	C	12	54

		Y'day midday °C	°F			Y'day midday °C	°F
Madeira	F	24	75	Prague	F	12	54
Madrid	F	20	68	Reykjavik	Dr	10	50
Majorca	F	19	66	Rhodes	F	25	77
Malaga	S	26	79	Rio de Janeiro		–	–
Malta	F	24	75	Rome	F	20	68
Manchester	S	15	59	Salzburg	R	9	48
Melbourne	S	24	75	S'Francisco †	C	16	61
Mexico City		–	–	Santiago		–	–
Miami †	F	28	82	Seoul	S	22	72
Milan	F	20	68	Singapore	F	31	88
Montreal †	F	15	59	Stockholm	S	11	52
Moscow	F	15	59	Strasbourg	F	15	59
Munich	C	11	52	Sydney	S	28	82
Nairobi	C	22	72	Tangier	F	32	90
Naples	C	21	70	Tel Aviv	S	29	84
Nassau		–	–	Tenerife	F	27	81
Newcastle	S	16	61	Tokyo	F	25	77
New Delhi	S	32	90	Toronto †	S	13	55
New York †	S	14	57	Tunis	C	20	68
Nice	S	23	73	Valencia	F	24	75
Nicosia	S	26	79	Venice	C	17	63
Oporto	S	25	77	Vienna	Dr	13	55
Oslo	S	13	55	Warsaw	R	12	54
Paris	F	16	61	Washington †	F	12	54
Peking	S	23	73	Wellington	C	13	55
Perth	F	17	63	Zurich	C	12	54

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

Electricity delay

Continued from Page 1

the market in the first half of 1991."

Precise timings for this and the flotation of the two Scottish utilities were still to be decided.

Electricity analysts believe that even this timetable would be difficult if there were serious snags in negotiating the contracts and if the proposed power trading system failed to make a smooth start.

Under the deal, agreed this week, the 12 distribution companies will keep most of their regional monopolies for the first four years, with full competition becoming possible only after eight years.

In approving it on Thursday, the Cabinet accepted the argument of the existing utilities that they needed a "soft landing" after quitting the monopoly system in which they have operated throughout their existence.

At the same time, the Secretary of State has retained powers to waive these rules to deal with what officials call "anomalies and special cases." Such powers would presumably be employed if the rules were succcessfully challenged by the Monopolies and Mergers Commission.

Otherwise, in the first four years, National Power and PowerGen, the two generators, will be allowed to sell directly to only 15 per cent of each regional market, and sites consuming less than one MegaWatt (1,000 kW) will remain captives of the area distribution company.

In the second four years, some 25 per cent of the area board's markets will be open for competition with only customers requiring less than 0.1 mW (100kW) remaining officially captive to the distribution companies.

Thereafter, there will be no restriction on competition for customers.

Over the next few months, the area boards and their successors will sign contracts for the lifetime of 8-8.5 GigaWatts of nuclear plants.

They will also conclude four to eight-year contracts for 12 GigaWatts of fossil-fired stations.

The length of the main power contracts will also give a similar degree of security to British Coal, worried about the effects of an abrupt switch to imported coal or oil by the generating companies.

Telephone banking

Continued from Page 1

with an approved overdraft; interest rates will be a few points easier than for conventional institutions.

The bank is based on an advanced computer system designed and built by the UK subsidiary of Datapoint of the US. Datapoint, with skills in voice telephony as well as data processing, is acknowledged in the US as a leading provider of telephone-based direct marketing services.

The system is based in Leeds but customers can call the bank at any time at local rates. They will be connected to a "banking representative" who will carry out their instructions.

Services offered include payment of bills, provision of mortgage finance, share dealing, personal loans, insurance products and foreign exchange. Cheque books and credit and debit cards will be issued.

Firstdirect has 150 banking representatives and 100 specialists in areas like foreign exchange and insurance.

Midland's belief in the bank, which it says will be complementary to its conventional branch network, is based on research which shows that most people make little use of their local branch.

One in five people had not visited their branch in the last month, one in 10 had not visited their branch in the last six months and more than half said they would rather visit their bank as little as possible.

Mr Michael Harris, Firstdirect chief executive, refused to give overall start-up costs in case this helped competitors who, he was sure, would have to follow Midland into telephone-based banking. It seems likely, however, that the computer system alone must have cost about £3m.

Competitors were cautious about commenting on the initiative before seeing it in action. Barclays, however, said it believed face-to-face contact was essential to a personal banking service.

Datapoint said yesterday it was discussing telephone-based systems with other financial institutions.

Weekend FT

Treading the German tightrope

***David Marsh** argues that if the division of Germany is to end, superpower détente must continue and political reform and western economic aid are needed in the east*

"OF COURSE, there are some people in Britain or elsewhere who say: 'Why German re-unification? Surely it is safer and wiser to keep Germany divided?' One answer is that, at the end of the war, the Western powers undertook, along with Soviet Russia, to re-unite Germany . . . Second, Britain and Germany are allies, in Nato . . . The Germans would regard it a betrayal of the alliance if Britain and the other Western powers were to accept the division of Germany as permanent. This would gravely weaken the alliance." – British government document on "The Meaning of Berlin," 1962.

For 40 years, both the Bonn government and the Western countries which helped to conquer Germany in 1945 have consistently proclaimed the sanctity of bringing together the divided nation's two halves. As the result of the Cold War cleavage of Europe, and the subsequent lack of a German peace settlement, the victors – the US, Soviet Union, Britain and France – still have responsibility for matters relating to "Germany as a whole" (within its borders of 1937).

Two generations after Hitler, the dramatic pace of events in eastern Europe has transferred German re-unification into the realms of possibility. Surprises, both good and bad, cannot be ruled out. But the future period during which German unity could be regarded as feasible has suddenly shrunk from a matter of decades to perhaps only 10 or 15 years.

This is a message of hope. But the apparent crumbling of the post-war order also brings a test of the Western allies' resolve and foresight towards a country which, if re-unified, would lay claim to being the world's second economic power. It is not an exaggeration to say that the West is playing for the highest of stakes – Germany's soul.

There are two cardinal errors which the West must avoid. The first would be to give the impression that post-war pledges on German re-unification were insincere, mere lip service made at times – such as 1962, a year after the Berlin Wall was built – when the goal was impossible, to be withdrawn when it starts to come at last into sight.

The second mistake would be to pretend that bringing together the two halves again will be easy. Recent assertions by Vernon Walters, the US ambassador to Bonn, that he could imagine German re-unification "in the near future" seem either quixotic or muddled. In addition, President Bush's statement, at a Press conference on September 18, that re-unification is a matter for East and West Germany to decide, looks like an effort to sidestep the allies' own responsibilities.

The post-war cleavage of Germany came not from any clear policy by the victors but, rather, as a result of the absence of one as the anti-Hitler coalition split. The West must be mindful of this lesson, but should also be fortified by the knowledge that the Federal Republic's stabilisation and western integration has been one of the great successes of European history. To carry the story forward, Washington, Paris and London need to show clarity and cohesion – as well as imagination.

The paralysis of East Germany's leadership, and the haemorrhage this year of more than 100,000 of its people to West Germany, underline the lack of basic legitimacy in East Berlin, and the risk of a power vacuum in central Europe. Twenty per cent of East Germany's 1949 population has fled to the West over the past four decades – ironically, one of the reasons why family links between the two states are still so strong.

In the wake of this month's exodus of more than 20,000 East Germans via Hungary, the collapse of the East German state might seem an attractive prospect. Erich Honecker, the 77-year-old East German leader, this week made his first public appearance after a long absence through ilness. His difficulties are crowding in from all sides. But the West must guard against *Schadenfreude.*

As a means of strengthening their hold, both the present gerontocracy in charge in East Berlin, and those waiting to take over when Honecker departs, are banking on a failure of (or, at least, severe setbacks for) Mikhail Gorbachev's reforms. The East Berlin government is also counting on the reluctance of the West to countenance abrupt change in the central European status quo – a reluctance, of course, which is also discreetly shared by Bonn.

There is a cunning undertone in recent East Berlin government statements hinting that, ugly though it might be, East Germany is the keystone in the post-war European mosaic. The implication – something which Paris, above all, can understand – is that if the stone slipped or were removed altogether, the European power balance would inevitably be disturbed.

In present circumstances, implosion or explosion of the East German state would be likely to incite a crackdown to re-impose communist "discipline," perhaps backed by Soviet military intervention. This would set back, rather than promote, re-unification chances. In fact, a genuine crisis in East Berlin – a repeat of the soon-crushed revolt of 1953, for instance – might be just what the hard-liners want to provoke. The delicate task for the West is to find operational policy steps which set out ways of turning the long-term vision of German unity into practicable reality, but which avoid the illusion that it can all be achieved overnight.

It could be time, for instance, for Western governments, in partnership with Bonn, to think about drafting a democratic all-German constitution, federal in character (in line with West Germany's 1949 *Grundgesetz*). This would encompass a path towards elections in the two German states – an idea last thought about in the 1950s. In the German confederation which might result from such a process, East Germany would be orientated towards the West but would be granted an important degree of self-government – at least for a transitional period of, say, 10 years.

Suggestions along these lines have already been outlined by some of Chancellor Helmut Kohl's policy advisers. But a lot more hard thinking is needed. One day, a four-power conference on unifying Germany will not appear a remote possibility; and the West should be prepared.

The reward for Europe would be great: the bringing of democratic values to the part of Germany up to now denied them. But unless the West succeeds in filling the rhetorical re-unification gap with concrete policies, there is also danger that German frustration over partition, on both Left and Right, could bubble to the surface. If it miscalculates, the West could lose a significant amount of influence over events in central Europe. And, for reasons of sheer geography, the European power of the Soviet Union would be enhanced.

Kohl proclaimed last month that the "German Question" was back on the international political agenda. Answering it, however, has not so far attracted sufficient attention. West Germany's 1949 constitution lays down as its highest political goal the attainment of "state unity." The Relations Treaty (*Deutschlandvertrag*) of 1955, which was signed by the US, Britain, France and the Federal Republic and allowed the latter's entry into Nato, pledges "a common aim of a re-unified Germany enjoying a liberal-democratic constitution like the Federal Republic and integrated within the European Community."

The standpoint was repeated by the signatories on the treaty's 25th anniversary in 1980. It is also worth recalling that the first constitution of the East German state proclaimed Germany "an indivisible democratic republic"; East German references to German unity were dropped only after Honecker took over in 1971.

In Bonn in recent years, sensing that a re-formed unitary German state would be mistrusted or opposed by its neighbours, the Kohl Government has put the onus on "the unification of Europe" rather than that of Germany. In common with all Bonn Chancellors since Willy Brandt in 1969, Kohl does not use the word *Wiedervereinigung* (re-unification) in government declarations, turning instead to the more open-ended phrase of "state unity." A German confederation, rather than a recreated Bismarckian Reich, seems intrinsically a much more feasible way of re-establishing unity. "Re-association" is a better word than "re-unification."

Kohl, however, has not been willing to spell this out in public. On the rare occasions (such as an FT interview with him in February) that he is asked to expand his views on re-unification beyond his usual slogans, the Chancellor shows that he has not gone very far towards thinking out the problem.

Also conspicuous are the gaps in the arguments of Hans-Dietrich Genscher, the Foreign Minister, himself a former émigré from East Germany and the heir to Brandt's policies of building bridges with eastern Europe. Genscher often reverts to phrases such as "the more European our policies, the more national they will be" to underline that he wants the unity of Germany in the context of an overall ending of European division – "a European peace order." Both he and Kohl permanently assure foreign allies that there will be no neutralist go-it-alone German *Sonderweg* (special path) to seek unity at the price of a weakening of Bonn's Western ties.

This is all very welcome to hear. But for cultural, historical and economic reasons, the pressures for some form of unity between East and West Germany are inevitably greater than, say, between France and Poland. As Genscher said this week, the existence of one German nation is one of the realities of Europe: "There is neither a capitalist nor a socialist German nation." This seems to suggest that, whether Genscher likes it or not, German unity will be on the agenda before European unity.

In preparing for this, Bonn and the West have to take account of some uncomfortable German realities. Because the very existence of the East German state (unlike Poland or Hungary) rests on the espousal of Marxist-Leninism, East Germany is not readily susceptible to an infusion of popular democracy and free market principles.

Practical moves towards unity can build on the "small steps" already put into practice by both Social Democrat and Christian Democrat governments in Bonn over the past 20 years. But these will have to be linked to some kind of guarantees to keep the East German state in being, at least for a fairly long transitional period. There would be nothing in principle against East German communists maintaining a stake in government.

In spite of Left-Right polemics in Bonn over policies towards East Germany, such guarantees could easily fit in with the Kohl Government's stance of supplying large-scale economic aid to East Berlin; Max Streibl, the Bavarian Prime Minister, has, for instance, suggested a formal treaty under which East Germany would undertake basic reforms in exchange for economic assistance from Bonn.

But there must also be no illusions about the Berlin Wall and the guarded East-West German border. The fortifications will be dismantled only when they are no longer necessary to stop population erosion in the East. The refugee flood of the past few weeks shows that this is a long way from being the case.

For very good legal, constitutional and moral reasons, West Germany does not accept a separate East German citizenship. But as long as West Germany offers East Germans passports, social security, and access to material goods and housing – as well as democratic rights – the pressures for emigration will continue.

The conclusion is inescapable. There are two conditions for the ending of German division. The overriding one – over which the Germans have little or no control – i[s] that super-power détente remains on a[n] even keel. The other is that politic[al] reforms and Western economic assista[nce] are needed in East Germany, going enough to lower popular discontent not so far as to remove the birthrig[ht of] the East German state.

Treading this tightrope will be a [diffi]cult balancing act, but if the West's claimed goal of self-determination fo[r the] people of East Germany is to become [real]ity, there is no other policy available.

The Long View

How the Wild West was financed

BARRY RILEY

We should learn from how capital markets worked 100 years ago, Nigel Lawson said this week. But he faces a very up-to-date crisis

SHOCK HORROR figures, such as those we had for the August current account deficit this week, make for dramatic headlines but, nowadays, the consequences can take a surprisingly long time to be felt.

It was not always so. We are about to be reminded of the bad old days of instant over-reactions with the Sunday paper serialisation of Denis Healey's memoirs including, it is promised, a blow-by-blow account of the events of 1976. A highlight, presumably, will be the VIP lounge story of his famous and dramatic dash back from Heathrow when en route to the IMF conference.

This week, the trade returns and the accompanying sterling mini-crisis were bad enough to dent Chancellor Nigel Lawson's international image – there did not seem to be quite so much lecturing of the Americans or the Germans this year – but not to send him speeding back to Whitehall. Of course, if Denis Healey had enjoyed the benefits of fax machines and mobile phones 13 years ago perhaps he could have boarded the plane.

Like other commentators, I got quite excited a year ago when the full extent of the deterioration in Britain's current account was becoming evident. The deficit was £14.6bn in 1988 and it has been £13.9bn for the first eight months of 1989, suggesting that the annual total could be £20bn.

But what have been the consequences for the financial markets in the past 12 months? Sterling has weakened, certainly, but by only about 4 per cent on a trade-weighted basis. Believe it or not, sterling is just about unchanged against the yen.

The yield on a typical high coupon long-dated government bond has risen only from 9.4 to 9.7 per cent. Meanwhile, the All-Share index has surged upwards by 25 per cent, ignoring blissfully any little local *economic difficulties.*

It is short-term interest rates that have demonstrated the tell-tale signs of mounting strain. Bank base rates were at 12 per cent a year ago. They had to go to 13 per cent in November, and a point higher again in May. Hopes that high rates would prove to be only temporary have been dashed repeatedly. Now, it looks as though we will soon see 15 per cent (so long as the Bundesbank and the organisers of the Tory party conference can arrange a mutually convenient date).

I have never found it easy to believe in gradualist policies such as Nigel Lawson has been following. If an economy is unbalanced, a shock must be administered to change people's behaviour. To some extent, the sharp rise in interest rates in the summer of 1988 created a shock, but one that affected only a quite narrow section of the public.

Young home-buyers are being hit badly and, naturally, popular newspaper headlines concentrate on their plight. But there are signs that people at large are getting used to coping with high interest rates. Bank lending has been rising as fast as ever in the past few months, reaching £8.4bn in August. Personal borrowing might have slackened a little but business borrowing has picked up: companies apparently are happy to borrow in what they see as a weak currency, given that they are still very profitable and the interest payments are tax-deductible.

With the further deterioration in the balance of payments - visible imports are now 30 per cent higher in value than exports - the risk premium demanded by foreigners (or Britons, for that matter) for holding sterling is going up. At the moment, holders of short-term sterling are covered by their interest rates differential against a decline in the exchange rate to DM2.86 over the next year. But a sudden and sharp decline is more likely than a gradual and protracted fall.

The Government's immediate concern has been to keep sterling relatively high in order to restrain inflation. That is inevitably an industry-bashing policy, which is quite inappropriate for an economy where a massive shift into exports is required. Nevertheless, Lawson has hoped that supply side policies, which have led to greater profitability and investment, would enable the UK to trade its way out of its deficit. Unfortunately, the deficit is getting worse, not better, and the eventual policy changes will have to be tougher and more damaging the longer they are postponed. Meanwhile, the level of sterling interest rates depends increasingly upon the whims of foreign creditors.

How long will it take, though? Is it conceivable that the show could be kept on the road until a general election in, say, June 1991? That might indeed have to be Lawson's strategy, and he backed it up this week in Washington by harking back to a period 100 years ago when, he said, persistent national surpluses and deficits were also characteristic of a period of unfettered international capital markets.

On that view, the necessity of countries to respond Healey-like to short-term imbalances has been a temporary feature of the rigged and controlled capital markets which have existed since the Second World War, and which have prevented savings from flowing across borders on a long-term basis.

But whereas foreign investment in the infrastructure of the 19th century United States might be one thing, financing the imported car requirements of late-20th century Britain looks to be quite another. It is all very well if countries use the availability of seemingly unlimited credit to buy time for radical adjustment. But what if they simply decide to postpone the evil day?

One day, perhaps in another 13 years, Nigel Lawson might well be writing his own memoirs. He will not have to describe a dash back from the airport. But he could yet have to say something about a U-turn of another kind.

CONTENTS

FINANCE & THE FAMILY: THIS WEEK

The new buzzword from Brussels

Barry Riley reports on ucits — a new investment fund to be marketed throughout the European Community. Page III

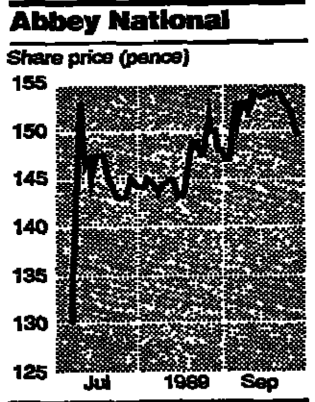
An option worth considering

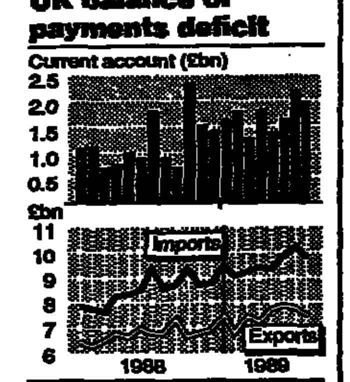
Company share option schemes are growing in popularity. This is hardly surprising given the *excellent potential for gain* that they provide, as David Cohen discovers. Page VI

Minding your own business

Roy Hodson reports on two entrepreneurs who are selling peculiarly British styles and services to a wider European market, while Ian Macgill finds a businessman who caters for a left-handed world. Page VII

■ BRIEFCASE: Problems with trees: Page VI





Mixed picture for Abbey National

Abbey National's share price has, until recently, proved something of a disappointment to investors. Those lucky enough to receive their certificates in time were able to sell on the day that trading started, when the share price peaked at 161p — a rise of 31p on the issue price — before falling back.

Last week, the share price started to climb again, reaching 153p ahead of the *announcement of the former building society's* interim results, although it has slipped back slightly since then as the stock market fell.

Abbey National shareholders do not appear to have a great desire to sell their holdings: only about 800,000 of the 5.6m shareholders have sold their shares in the two and a half months since flotation, though whether this is because of the disappointing price or simply reflects members' preference for long-term investment is unclear.

Abbey National reported pre-tax profits of £203.1m for the *first half of 1989, only a slight improvement on last year's* first-half figure of £202.8m. It had forecast a profit of at least £195m in its prospectus.

The retail operations showed a pre-tax profit of £205.6m, compared with £200.2m in the same period last year. Peter Birch, chief executive, said the results reflected the group's strength and "its ability to maintain performance despite adverse trading conditions," namely the downturn in the housing market following several rises in interest rates. The group's estate agency operations made a loss of £9.5m and Abbey National also suffered a loss of £8m on gilts trading. *Sara Webb*

Current account deficit hits £2bn

Britain's current account deficit reached £2bn in August, which was considerably worse than market expectations and led to a fall in UK share and government *bond prices*. The deficit put an end to any hopes that interest rates might start to come down again soon, and rekindled fears that *there could be further increases in store. The figures* suggest the deficit for the year could reach £20bn. *S W*

Share bonus for TSB stalwarts

Investors in TSB who have retained their shares since the group's flotation three years ago will receive their reward later this month. The group announced this week that certificates for loyalty bonus shares will be posted to eligible investors on October 25.

Under the terms of the offer made at the time of the flotation, shareholders are entitled to receive one extra TSB share, up to a maximum of 500 shares, for every [illegible] shares held continuously for the three-year period to September 30 1989.

The bonus shares will not qualify for the interim dividend payable on October 2, for which the record date was August [illegible]. But for future dividends, *and in all other respects, the* bonus shares will rank exactly the same as other TSB ordinary shares.

At the time of the flotation some 138m shares were set aside to meet the loyalty bonus entitlement, but only 70m will now be required for this purpose. Of the remaining 68m shares, 4m have already been used under profit sharing arrangements and the other 64m will be transferred to a company holding shares to meet the needs of future share option and profit sharing schemes. *John Edwards*

Sales of PEPs rise sharply

Sales of personal equity plans (PEPs) have risen strongly since the changes to the scheme announced in this year's Budget. The Inland Revenue announced that 200,000 PEPs had been taken up since April, more than the number sold in the whole of 1988.

The number of PEPs taken out since the scheme was started at the beginning of 1987 now totals 570,000. The overall amount has reached £1bn, including £350m this year alone. The Revenue is putting out a *free explanatory leaflet* as a guide for potential investors giving full details of the scheme, which gives tax concessions to encourage wider share ownership.

The leaflet, IR 89, is available from local tax offices, enquiry centres or direct from the Revenue Public Enquiry Room, West Wing, Somerset House, London WC2R 1LB. *J E*

Correction

The headline on an article about Sun Life's dividend policy, published on this page last Saturday, referred incorrectly to Sun Alliance.

LONDON

Sharp and sad end to a summer holiday

THERE MAY WELL be investors who went on holiday at the end of last week believing that there were good fundamental reasons for the FT-SE 100 index to be standing at nearly 2,400.

They still packed their suitcases last weekend with a faint sense of unease, after a nervous five days' trading. And if a hunch told them that this was not the week to leave the office, it was spectacularly justified on Tuesday, when official figures revealed that in August Britain's current account deficit had reached £2bn. The over-confident holidaymakers return this weekend to find the FT-SE 100 *down 70.8 points on* the week at 2299.4.

It was the third worst trade gap on record, and a good £800m higher than the market had expected. The FT-SE 100 lost 23.5 points on the day, a predictable sequel to Monday's fall of 10.5 points, when twitchy dealers allowed their fears to spill into the market.

Hard on the heels of the deficit came worries about currency — particularly the level of sterling against the D-Mark. On Thursday, as the pound fell to its lowest level against the West German currency for *nearly three months, the market* dropped another 31.2 points.

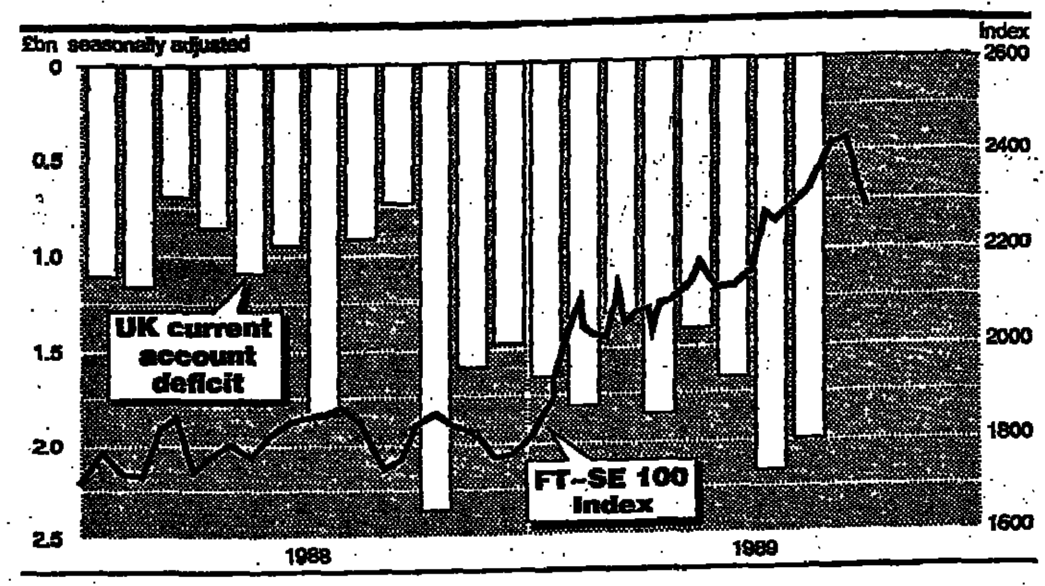
The Chancellor of the Exchequer was one person who did manage to get away this week — to the International Monetary Fund meeting in Washington — but Nigel Lawson's head was said to be on the block if sterling slipped below DM3.02. The executioner's axe was stayed yesterday: the pound crept back to DM3.0277, and the market actually rose 7.7 points.

Not that the spectre of a rise in interest rates has evaporated. An increase in the West German rate — one item on the agenda when the Bundesbank Council meets next Thursday — would probably be matched in the UK. Similarly, if the pound were to fall below DM3, the Chancellor would be forced to act.

There is a positive side to the trauma of the past five days. UK investors have spent some weeks building houses of cards. The market still looks vulnerable, but this week's turmoil at least provided an excuse for investors to dismantle some of the more fragile storeys — and it may yet force them to look again at fundamental stock values.

Only one corporate story ever stood a chance of overshadowing the current account deficit. BAT Industries duly obliged by announcing its radical plan to evade the £13.5bn bid from Sir James Goldsmith's Hoylake consortium on Tuesday morning, beating the trade figures by a few hours.

The group's rescue plan looked strangely similar to the Hoylake "unbundling" proposals; indeed, it won applause from one of the consortium members, Jacob Rothschild.



BAT proposes to demerge its papermaking activities and the Argos retail business to form two new quoted companies. Its US retail companies — notably Marshall Fields and Saks — and a number of miscellaneous interests would be sold. Shareholders would end up with shares in both new companies, higher dividends, and an ongoing stake in a group focused on financial services and tobacco.

As expected, the Hoylake bid lapsed yesterday after BAT failed in its attempt to keep the predators to their original bid timetable. The original Takeover Panel decision stands: Hoylake will now try to secure certain US regulatory consents, and then rebid for the tobacco-based conglomerate.

The shadow of Sir James Goldsmith also fell on another leveraged bid. Pembridge Investments, headed by former Goldsmith executive Roland Franklin, launched its long-awaited hostile offer for DRG, which makes Sellotape and Basildon Bond stationery, on Tuesday. Bermuda-registered Pembridge has built up a 24.4 per cent stake in the paper and packaging group over the last 15 months. Its £697m offer differs from the Hoylake/BAT bid in that DRG shareholders are being offered cash rather than junk bonds.

It was an inauspicious week for rights issues, and the flood of paper the market had feared did not materialise. However, British Airways launched its well-signalled £320m issue of convertible capital bonds on Tuesday, aimed at funding part of its $750m participation in the bid for United Airlines of the US. Evered, the building materials group, followed that with a £68m fully-underwritten rights issue as it prepared for further expansion in the quarry market and Wace Group, the acquisitive prepress services company, asked shareholders for £45m to continue its expansion strategy.

Britain's second largest hotelier, Mount Charlotte Investments, also chose to announce a £151m rights issue on Thursday to help fund the acquisition of Scottish & Newcastle Breweries' Thistle Hotel chain for £645m. The news coincided with Boddington's decision to sell its brewing operations to Whitbread, which controls 30 per cent of Boddington's shares. Whitbread said a new marketing effort would ensure southerners got a chance to discover why Boddington's real ale was so popular in the north west of England.

The bitter irony is that the threat of another interest rate rise came in a week which heard several groups bemoaning the adverse effect of previous increases. The Chancellor's measures are apparently biting in sectors as diverse as central heating (Myson Group), garden tools (James Neill), and housebuilding (Bryant Group). Dixons also warned that the UK market for consumer electronics had weakened still further since the group announced annual profits down 24 per cent.

Most notably, British & Commonwealth Holdings, the financial services group, revealed on Wednesday that it had suffered a 37 per cent drop in first half profits as subsidiaries such as Hamptons, the estate agent, were struck by high interest rates. Abbey National, meanwhile, announcing its first figures since the July stock market flotation, only managed to nudge first half profits up to £203m, held back by nearly £10m of losses in its estate agency operations.

Out of the gloom shone Tesco, which beat forecasts on Wednesday with a 29 per cent rise in interim profits fuelled by strong volume increases and store openings.

For a real hedge against mundane market forces, however, investors this week had to look to the auction world. Christie's International revealed that first-half profits had jumped 67 per cent. Impecunious art-lovers who decided to risk a couple of hundred pounds on Christie's shares rather than £20m on a Picasso saw the auctioneer's stock end a turbulent week unscathed by domestic concerns — down *just 4p at 299p.*

Andrew Hill

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2299.4	-70.8	2426.0	1782.8	Sterling/interest rate fears.
Anglia Secure Homes	106	-13	460	102	Interest rate worries.
Ashley (Laura)	85	-8	128	83	Disappointing figures.
Britannia Security	132	-32	215	129	Profits warning.
Davy Corpn.	244	-13	286	171	East German contract worry.
Evered	135	-23	167	95½	£68m rights issue.
Glaxo	1489	-50	1630	1055	Currency factors.
Goldberg (A.)	135	-19	208	129	Blacks' bid lapses.
ICI	1234	-57	1352	1012	Analyst's downgrading.
Meinec	170	-47	282	168	Disappointing interim figures.
Mount Charlotte	81	-8	100	73½	Hotels purchase.
Scot. & Newcastle	354	-20	449	284	Sale of Thistle Hotels.
Sintrom	110	-40	150	88	Disappointing trading news.
Trusthouse Forte	331	-18	362	242	Figures at low end of forecasts.

WALL STREET

Fickle followers of fashion

DESPITE ITS sizeable gains in the last few days, the US stock market was a *less healthy* place at the end of this week than it had appeared a week or two earlier.

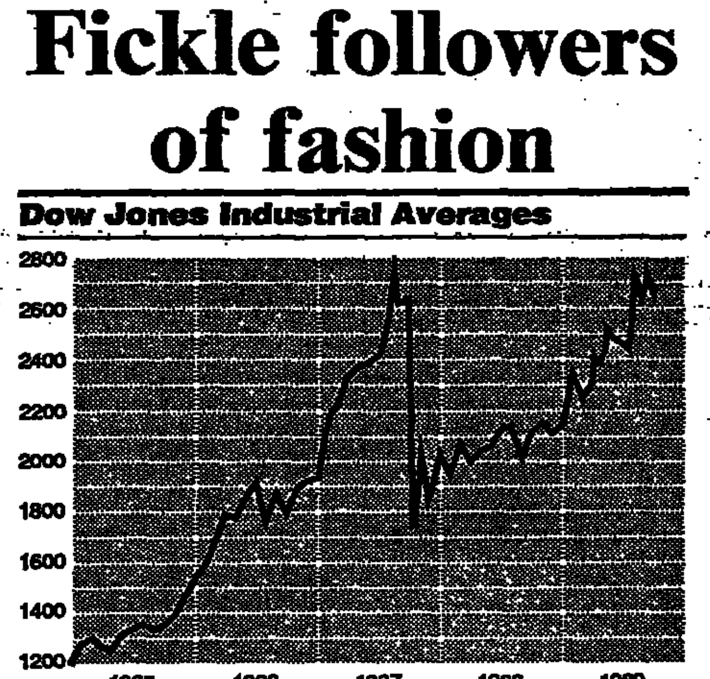
Far from suggesting the start of a new leg of the bull market, the *rally last* week seemed more like a vague afterthought. On this the Wall Street analysts and traders were agreed. The market's advance on Thursday was simply a pale reflection of the summer's glorious rally, caused largely by fund managers scrambling to window dress their portfolios before the end of September with the last quarter's best-performing *blue chip stocks.*

A growing expectation in the last few months, expressed repeatedly in this column, has been that the bull market might rejuvenate itself with some new convictions — about the durability of moderate economic growth and therefore *about the prospects of the* many depressed industrial and technology stocks which had been left behind by this year's rally. Instead, investors seem to have settled back into a mindless game of bidding up the fashionable non-cyclical consumer growth companies — companies whose stock prices and earnings *valuations* are already at or near the extremes they reached before the 1987 crash.

On Thursday, the most important day of the rebound, 20 points of the 21.85 point advance in the Dow were due to just four stocks — Merck, Procter & Gamble, Coca-Cola, and Philip Morris — as Newton Zinder of Shearson Lehman *pointed out ruefully.* Based on their profits in the last 12 months, the price-earnings ratios on these four stocks are 22, 17, 21 and 16 respectively.

But despite their already high price-tags, the institutional investors were snapping up these stocks *in* multi-million dollar bundles. To pay for

Dow Jones Industrial Averages



these purchases, at least on Wednesday and Thursday, the institutions were dumping such relatively cheap shares as IBM and Digital Equipment (both on a p/e of 11). They *were also demonstratively* shunning such deeply unfashionable companies as Ford (p/e of 5), General Motors (p/e of 6), Bethlehem Steel (p/e of 5.5) and Alcoa (p/e of 7).

There was no mystery about Wall Street's aversion to the cyclical industry issues after the brief dalliance the market enjoyed with these companies a month ago. The reason for the sudden switch in investment fashion back to reliable consumer growth stocks was simple enough. On Wednesday, IBM warned the analysts that they should trim their earnings forecasts for the third quarter. The company *said its quarterly net profits,* to be announced towards the end of October, could be as *much as 33 per cent below the* level of a year ago.

IBM noted that the shortfall could be attributed to three factors whose long-term significance might well be neutral or even positive: a shift among its customers to leasing *instead of outright* purchases; the introduction of new products; and the strength of the dollar, which was being spectacularly reversed even as John Akers, the company's chairman, was speaking. Akers also noted that IBM's profits for 1989 as a whole would probably be very close to the level of $6bn or $9.82 a share attained last year.

By that point, however, the analysts seemed no longer to be *listening.* IBM's shares plunged 8 per cent in two days, to within 4 per cent of their Black Monday low. The trading volumes were spectacular — *more than* $1bn worth of IBM shares changed hands on Wednesday and Thursday. Naturally, the IBM panic dragged down most other industrial issues, particularly in the computer sector — even though IBM's long-term decline as the dominant company in the worldwide computer business is bound to be mirrored by the rise of rivals such as Digital Equipment, Compaq and Apple.

Coca-Cola and Philip Morris, meanwhile, were rising to new *extremes of overvaluation.* These two companies are as expensive *today,* relative to their earnings, as they were at the market's speculative peak just before Black Monday. Coke's share price is 27 per cent above its 1987 high while Morris is 34 per cent higher. Their p/e ratios in the summer *of 1987* — 21 and 16 respectively — were exactly the same as they are today. Even *more significantly, today's* valuation for each of thes companies is almost double the long-term average. According to Value Line Investment Service, Coca-Cola's P/E has averaged only 12 over the last ten years, Morris's has averaged nine.

What *all* these numbers suggest is that the US stock market could now be moving into *another period of extreme* vulnerability if it sticks to the trends and investment fashions of the past year. Fortunately, the role of end of quarter window dressing in this week's market activity was overwhelming.

But with the window-dressing now over and the corporate results just a few weeks ahead, the market will have to find some more faith in America's long-term industrial future, if the present mini bull market is to avoid turning into a pale imitation of the 1987 boom and bust.

Monday	2659.19	− 22.42
Tuesday	2663.94	+ 4.75
Wednesday	2673.06	+ 9.12
Thursday	2694.91	+ 21.85

Anatole Kaletsky

JUNIOR MARKETS

Green is GO!

THE SOUND of supermarkets beating the environmental drum on Thursday's Green Shopping Day was evidence — if further evidence was needed — that green is the colour of money in 1989.

This message has not been lost on the 20-odd companies on the Unlisted Securities Market that could be loosely described as "green." One such is Swallowfield, an aerosol manufacturer which is obviously affected by the concern about the ozone layer and the move away from chlorofluorocarbon gases (CFCs). It is well placed in so far as it started to use hydrocarbons, an alternative *to CFCs, more than 10* years ago, and it pulled out of CFCs in all its "own label" products last year. Yesterday it announced a 27 per cent increase in its first half profits, reflecting increased margins and sales despite the slowdown in consumer spending.

Another USM company in the spotlight is Jeyes, the household cleaning products maker. Its claim to greenness *could be based on this week's* full-page newspaper advertisements featuring Sainsbury's Greencare toilet cleaner, washing-up liquid, household cleaner and chlorine-free bleach, which are all made by Jeyes. So far, so green. But the environmental lobby is only too aware that many of Jeyes' products involve problematic chemicals, such as chlorine-based bleaches. It is also mindful that hydrocarbons used in modern aerosols can play their own part in air pollution.

A similar ambiguity applies to Micrelec Group, which makes equipment to convert petrol pumps to take unleaded as well as leaded fuel. The "dark green" lobby argues that, although it has an edge on leaded, even non-leaded petrol pollutes the atmosphere.

Whatever the strength of these companies' green credentials they are, in themselves, no guarantee *of success for the* investor. Witness Swallowfield, which has seen a 16 per cent fall in its *share price since* its peak in the summer.

Another ozone-friendly company, Beaverco, which makes specialist foam and consumer products without using CFCs, has taken a tumble after last week's warning that its interim profits would be flat.

But the greatest casualty among the green shares has been Creighton Laboratories, a "natural" toiletries company. *Its shares have fallen* by 45 per cent this year in response to a fall in pre-tax profits that stemmed from a sharp downturn in demand from a major US customer.

These apart, however, most green shares on the USM have comfortably outstripped the USM index's 15 per cent rise this year. Their outperformance reflects both the business opportunities arising from *increased environmental* awareness and the increased interest in environmentally sound investment.

The irony of attempting to make money by investing in green companies will not be lost on committed greens who have become increasingly concerned about the exploitation of environmental issues by marketeers. Another more cynical objection stems from the *suspicion that the environment* may turn out to be just one of the City's passing investment fads. However, given that the subject still dominates the media and that brokers are continuing to research it, it seems that this fashion may still have some way to go.

Vanessa Houlder

The Week Ahead

Looking good for Guinness

ANALYSTS will be looking to the Far East when Guinness reports interim results on Thursday. Sales have been buoyant and heavy marketing of Scotch whisky in that area should be reflected in a higher contribution to profits from spirits. Beer sales and margins should also be up. The UK has not been as strong as the international market, but Guinness is thought to have done particularly well on its home ground of Ireland.

Pre-tax profits should be *about £230m, with earnings* close to 15p per share. This half year is the first to have a contribution for the full period from Guinness's growing involvement in LVMH Moët Hennessy-Louis Vuitton, the French champagne and luxury products group. It is expected to contribute £30m pre-tax.

Interim results are due from two fashion-related retailers, Sears on Wednesday and Next on Thursday. Both are expected to reveal declines in profits, and are likely to make *gloomy prognostications for* the second half given the well-known problems retailers are facing.

Sears, the footwear, mail order, and Selfridges group, is also a housebuilder, and analysts expect declines in profit from every division. The only good news should be that the sale of the William Hill betting shop chain will have reduced the interest charge by more *than the profits missed* through the disposal. Analysts have been shaving down their *forecasts lately, and there is a* wide spread around £80m of "clean" profits, compared with £92.5m last time.

It is nearly a year since George Davies was unceremoniously sacked from Next, the high street and home shopping fashion retailer, where he had been chairman and chief executive. Investors have yet to see evidence that the company is better off without him.

Forecasts for the results centre on £20m of profits excluding exceptional items against £30.9m made in the corresponding period, though analysts say they would not be surprised by a lower figure. They are hoping that the interim dividend will be maintained, given the importance of the yield in supporting the shares.

Harrisons & Crosfield, the *former plantations group* which has diversified into chemicals, building supplies and food, should report interim profits of £55m to £59m, up from £52m, on Wednesday. The contribution from timber should be well up, following H&C's acquisition of timber merchant Southern-Evans from Magnet for a hefty £85.8m in June last year.

Pauls, the food side, should benefit from high pig prices. Problems with chrome production hit chemicals in the first quarter, but these have been resolved and there should be a rebound of the division's earnings in the second half.

When Tootal Group unveils its interim results on Monday, the City will be interested less in the published figures than in the unpublished contents of *the Monopolies and Mergers* Commission report into the bid for the company by Coats Viyella, its fellow textile concern. Tootal's results for the six months to July 31 should be be pedestrian at best. Analysts expect a slight fall in pre-tax profits to just under £19m, reflecting a mixed performance across the group. The US thread business fared well as did the recently restructured UK clothing companies. However, fabric sourcing performed poorly, as did specialised materials.

Higgs & Hill last year built more than 80 per cent of its houses in south east and eastern England, two of the the worst markets in the country. *Profits this year will also be* depressed by provisions on a hospital contract.

This will be offset by profits from the sale of its 14.9 per cent holding in Rush & Tompkins which analysts expect will be taken above the line. Most forecasts are expecting static profits of about £11.3m when results for the six months to June 30 are announced on Wednesday. They also expect static profits for the full year.

Raine Industries, which earlier this year bought Plumb Holdings, one of Britain's larger interior contractors, is due to report full-year figures on Tuesday. Raine moved for Plumb after its bid to acquire Ruberoid's roofing business was defeated by Tarmac last November. Pre-tax profits for the 12 months to June 30 could *be about £23.5m. Raine's house*building is mostly in the north Midlands and northern England where the market has been stronger. Prices have continued to rise and margins should be better but life will be harder next year.

Four of the 15 quoted ITV contractors report next week. Although two of them, TSW and Ulster (both Thursday), are relatively small, analysts will be looking closely for signs of the extent to which TV advertising growth is slowing.

HTV, the largest of the four and franchise-holder for Wales and the west of England, *should* report *full*-year profits in the region of £16m on Tuesday. A point of interest will be how the company's non-TV interests are performing. HTV, more than any other contractor, has pursued a strategy of diversification ahead of the competition for new franchises when the current licences expire at the end of 1992.

Despite the apparent logic of providing some insurance against the loss of its main income source this approach has met with a mixed approach *from the City which feels that* TV companies should stick to what they know best.

Scottish Television *(Friday),* the only one of the four to be reporting interims, is likely to limited to about £5m by another bout of exceptional costs relating to rationalisation measures. Like the other contractors, Scottish is undertaking a series of painful measures, which include reductions in staff numbers, to reduce the impact of next year's increase in the exchequer levy.

Although advertising revenue growth is now slowing, all *four* will have seen a healthy increase in the period, although to a lesser extent than the companies broadcasting to the south and south east of England which continue to take the lion's share.

Lowe Howard-Spink, the advertising agency, started the year with a stream of new business successes from National Power, to Reebok and Tesco. The benefits of these will not filter through to profits until the second half, yet it is expected to announce an *increase in pre-tax profits from* £6.69m to £7.75m for the six months to June 30 on Tuesday.

Almost all the increase in profits will be attributable to organic growth. The Lowe network has won new *business in* Spain, Italy, West Germany and the US — where Lowe recently bought out the remaining shares in Lowe Marschalk — as well as in the UK. Tables: Page III.

FINANCE & THE FAMILY

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bailey Ben Cons.	June	2,110	(1,030)	26.0	(12.9)	3.8	(2.2)
Baillie Gif Jap	Aug	224 L	(255 L)	-	(-)	-	(-)
Bryant Group	May	51,400	(50,100)	16.8	(16.2)	4.8	(4.3)
Close Brothers	July	10,470	(6,423)	18.2	(11.0)	6.75	(5.0)
Colroy	July	4,370	(2,600)	30.5	(25.0)	7.5	(-)
Cook DC Holdings	Apr	514	(5,200)	-	(12.1)	1.33	(2.85)
Cornwell Parker	July	9,200	(9,270)	16.2	(15.6)	5.2	(4.8)
Crossroads Oil	Mar	2,080 L	(247)	-	(0.41)	-	(-)
Crowther JE	Mar	87	(1,040)	-	(-)	-	(-)
Eleco Holdings	June	7,080	(5,410)	17.7	(13.5)	6.2	(6.2)
FII Group	May	7,060	(5,603)	36.6	(30.7)	10.0	(9.0)
Gent SR	June	4,520	(3,054)	8.7	(7.4)	2.5	(1.5)
GT Japan Invest.	June	1,260 ●	(646 ●)	4.08	(2.12)	2.0	(1.4)
Hays	June	34,400	(29,600)	-	(-)	-	(-)
Harvey & Thomps.	July	2,410	(1,853)	36.1	(28.1)	15.0	(12.0)
High-Point	May	2,440	(2,080)	31.1	(26.3)	6.75	(5.75)
Intereurope Tech	June	1,374	(545)	16.2	(6.31)	7.0	(6.4)
Kelt Energy	Mar††	1,150 L	(847 L)	-	(-)	-	(-)
Lincat Group	June	1,290	(1,000)	12.4	(10.1)	4.8	(-)
Lloyd Thompson	June	6,400	(5,150)	12.8	(11.1)	6.0	(5.0)
Magnet. Material	June	1,160	(555)	4.2	(2.0)	3.0	(2.9)
MAI	June	55,200	(49,290)	10.3	(10.0)	4.5	(4.25)
Multitone Elect.	Apr	249 L	(746 L)	-	(-)	0.1	(0.1)
Piston Int'l.	Mar	581 L	(957 L)	-	(-)	-	(-)
Polypipe	June	11,160	(7,290)	11.9	(8.02)	3.0	(2.1)
Ramar Textiles	May	837	(14)	4.06	(0.24)	1.75	(1.75)
Renishaw	June	10,090	(8,030)	18.2	(14.8)	4.2	(2.64)
Rivoli Cinemas	Apr	422	(342)	146	(122)	147	(123)
Rue Estates	June	1,200	(340)	38.2	(10.8)	-	(-)
Thorpe FW	June	1,240	(1,600)	26.8	(34.2)	6.5	(5.8)
Trafford Park	June	4,400	(3,210)	9.11	(6.61)	5.15	(4.7)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abbey National	June	203,100	(202,800)	-	(-)
Acorn Computer	June	2,080	(711)	-	(-)
Addison Consultancy	June	306	(320)	0.5	(0.5)
Allied Partnership	June	3,270	(2,550)	1.0	(0.75)
AmBrit International	June	875 L	(386 L)	-	(-)
Asda Property Hldgs.	June	3,910	(3,440)	0.6	(0.5)
Ash & Lacy	June	2,170	(2,350)	2.5	(2.5)
Ashley Laura	June	6,590	(8,640)	0.85	(0.85)
Bank of Scotland	Aug	113,200	(90,000)	1.45	(1.25)
Bank of Wales	Aug	1,300	(1,400)	1.0	(1.0)
Barker Charles	June	2,070	(2,150)	1.3	(1.2)
BDA Holdings	July	750 L	(719)	-	(1.5)
Bedford William	June	123	(152)	-	(-)
Blockleys	June	3,030	(2,590)	1.95	(1.75)
Bluebird Toys	June	218	(151)	-	(-)
Boddington Group	July	7,380	(6,678)	1.65	(1.58)
Bostrom	June	1,450	(862)	2.25	(-)
Brandon	July	2,110	(1,840)	1.5	(1.25)
Brent Chemicals	June	6,110	(5,050)	1.4	(1.25)
Brit. & Commonwealth	June	34,400	(49,880)	4.0	(4.0)
Brixton Estates	June	9,660	(7,670)	2.2	(1.75)
BSG International	June	13,090	(11,018)	0.7	(0.66)
Capita Group	June	502	(311)	0.8	(-)
Carbo	June	2,200	(1,650)	2.5	(2.1)
Cent. Independent TV	June	11,300	(9,113)	7.5	(6.0)
Christies Int'l.	June	34,350	(20,600)	2.0	(1.0)
Clifford Foods	June	1,350	(2,680)	3.6	(3.6)
Cussins Property	June	2,140	(1,120)	3.75	(3.15)
Dagenham Motor	June	1,950	(1,850)	1.5	(1.5)
Delancey Group	June	329	(1,520)	1.3	(1.3)
Descora	June	4,610	(4,280)	-	(-)
Dolphin Packaging	June	817	(1,190)	1.2	(1.2)
Europa Minerals	July	126 L	(1,740 L)	-	(-)
Evered Holdings	June	15,800	(13,621)	1.8	(1.5)
Filofax	June	554 L	(571)	0.75	(0.75)
Finlay Packaging	June	331	(563)	0.75	(0.75)
Fitzwilton	June‡	3,400	(890)	1.5	(1.0)
Floyd Energy	June	18	(374 L)	-	(-)
Foseco	June	24,500	(21,121)	5.0	(4.2)
Geest	July	11,300	(9,160)	2.75	(2.25)
Guildehouse Group	June	880	(752)	0.4	(0.4)
Haden Maclellan	June	6,310	(2,400)	2.5	(1.5)
Hawthorn Leslie	June	2,620	(1,280)	0.25	(0.2)
Helical Bar	July	10,000	(5,840)	1.6†	(0.8)
Highcroft Invest Tst	June	345	(274)	1.4	(1.2)
Highland Parts.	June	6,230	(1,990)	2.0	(1.0)
Hogg Rob & Gard Moun	June	6,730	(5,310)	2.75	(2.5)
Holmes Protection	June#	2,850	(7,310)	1.2	(1.1)
How Group	June	2,440	(2,040)	1.35	(1.12)
Ibstock Johnsen	June	31,850	(27,010)	2.25	(2.0)
Imtec Group	June	40	(2,850 L)	-	(-)
Inoco	June	788	(776)	-	(-)
IRG	July‡	853	(731)	1.7†	(-)
Jacks William	July	404	(511)	0.9	(0.9)
Jove Investment Tst	Aug	890	(633)	3.45	(3.08)
Kish Resources	Mar‡‡	201 L	(-)	-	(-)
Kitty Little	July	53	(59)	0.52	(0.5)
Liberty	July	2,100	(1,355)	1.4	(1.04)
London & Edinburgh	June	30,800	(22,200)	1.87	(1.5)
London & Metro.	June	5,620	(4,040)	2.4	(1.95)
Macallan-Glenlivet	June	2,280	(878)	0.35	(0.25)
Martin Currie Pac.	Aug	167	(28)	-	(-)
MB Group	June©©	28,000	(-)	2.0	(-)
MEMEC	June	3,390	(4,100)	1.5	(1.4)
Metalrax Group	June	3,170	(2,650)	0.96	(0.8)
Miller Stanley Hldgs	June	22	(315)	0.75	(0.75)
Myson Group	June	8,700	(8,610)	2.55	(2.3)
Neill James Holdings	June	28	(2,710)	3.1	(3.1)
Oliver Group	June	327 L	(62)	1.0	(0.87)
PCT Group	June	505	(377)	2.2	(1.9)
Peachey Property	June	477	(1,780)	-	(-)
Plaxton Group	June	3,700	(3,730 ●)	3.0	(3.1)
PML Group	June	665	(853)	-	(-)
Porth Group	June	1,300 L	(1,290 L)	1.3	(-)
Proudfoot Alexander	June	16,870	(14,340)	3.5	(2.0)
Redland	June	104,100	(88,220)	7.5	(6.25)
Rockfort Group	June	2,790	(2,780)	1.4	(-)
Sage Group	July	1,180	(1,232)	2.3	(2.0)
Scott & Robertson	June	3,120	(3,780)	3.0	(1.2)
Seafield	June‡	403	(390)	0.5	(-)
Siddall William	June	691	(437)	1.5	(1.0)
Sistrom	June	948	(823)	1.0	(0.9)
Spear JW & Sons	June	899 L	(747 L)	-	(-)
Swire J & Sons	June	50,000	(50,900)	-	(-)
Sykes Pickavant	June	818	(830)	2.25	(2.25)
Telfos Holdings	June	2,890	(1,960)	3.6	(3.0)
Tesco	June	138,700	(107,400)	1.41	(1.17)
Time Products	July	6,950	(7,660)	2.5	(2.5)
TV-AM	July	9,730	(7,850)	2.0	(1.5)
Tyndall Holdings	June	3,510	(7,030)	2.5	(2.5)
United Newspapers	June	54,500	(53,600)	7.5	(7.5)
Vickers	June	32,000	(24,500)	3.3	(2.9)
Whatman Reeve Angel	June	4,550	(4,080)	2.0	(1.5)
Wolstenholme Rink	June	1,810	(1,910)	6.3	(6.0)
World of Leather	June	556	(621)	0.8	(0.8)
Youghal Carpets	June‡	163 L	(331)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L – loss.‡ Irish punts & pence.† 2nd interim dividend.© Net profits.● Figures for 9 months.# US dollars & cents.‡ Last years figures for 13 month period.‡‡ Third quarter figures.†† This years figures for a 15 month period.©© Figures for 3 months.

RIGHTS ISSUES

British Airways is to raise £320m via a rights issue of convertible capital bonds.
Evered Holdings is to raise £68m via a 3-for-10 rights issue at 125p.
Mount Charlotte Investments is to raise £151.4m via a one-for-three rights issue at 72p.
Seafield is to raise £55.7m via a three-for-one rights issue at 150p.
Wace Group is to raise £44.8m via a two-for-seven rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

FBD Holdings has applied for its shares to be traded on the USM in Dublin and London.
Hays is to join the stock market via a flotation which is expected to raise between £150m and £200m.
Partridge is to join the Stock Exchange via a placing of 5.615m shares at 130p.
Tallow Oil is to move from the Third Market to the USM.

Barry Riley reports on the launch of a new kind of investment fund in the European Community

Ucits — the latest buzzword from Brussels

DON'T ALL rush at once, but now, for the very first time, you can invest in a ucits - by courtesy of your friendly Brussels commissioner.

A ucits is a kind of Euro-investment fund, set up to comply with special conditions so that it can be marketed throughout the European Community. The Ucits Directive was agreed by member states back in 1985, but it only comes into force tomorrow. Even so, a number of countries have failed to enact proper legislation in time, though the UK is all ready to go.

Ucits is singular, not plural, and in full Eurogobbledegook stands for Undertaking for Collective Investment in Transferable Securities. If you think the word is difficult, have pity on the French, who must twist their tongues over *une OPCVM*.

Most of the ucits on sale in Britain are going to be plain old unit trusts. The Securities and Investments Board, the regulatory body which will issue ucits certificates, is expecting something like 400 applications. About half the unit trust management companies in the UK have replied to a preliminary letter from the SIB.

The certificates will not cost anything, and there will be no very onerous conditions for conventional unit trusts. But the managers will need to make sure they keep within the regulations. Principally, they must only invest in listed securities (plus a small unlisted element) so that property, commodity or money funds are excluded. Limits on the size of individual shareholdings and on the amount of borrowings are roughly the same as those which already apply to British unit trusts.

Armed with their ucits certificates the unit trust companies can then go anywhere in the EC and obtain automatic local registration on payment of a fee. After waiting a maximum of two months to be checked out, they may seek to sell in the local market, so long as they take care to comply with local marketing rules. Or so the theory goes. In practice, very few British unit trust promoters give much for their chances of being able to sell UK-authorised unit trusts on the Continent in any volume.

The more interesting prospect, from the UK investor's point of view is that he or she will be able to buy foreign-registered ucits in Britain. What's more, they can be promoted through advertising, direct

mail and sales networks just like domestic units, whereas many foreign and offshore funds are only available through professional advisers.

But foreign ucits are getting off to a slow start. The SIB charges £1,000 down and £1,000 a year to foreign ucits, and so far it has only recognised 15 funds from Luxembourg which were already accepted under a temporary agreement with the grand duchy. One reason is that several countries do not have their legislation ready.

The immediate effect upon British fund management groups has been to initiate a minor rush to set up operations in Luxembourg, which has a very favourable tax regime for investment funds and is regarded as an attractive neutral base from which to sell into countries such as France and Italy.

Groups like Robert Fleming, Foreign & Colonial, Ivory & Sime and Wardley are all attacking the ucits market out of Luxembourg, and Fidelity has announced a major expansion into ucits for the first half of next year.

But whatever the interesting potential on the Continent, is it all something of a non-event for the UK investor? Not quite, because this could be the start of something big.

Already the ucits development has given the unit trust industry something to argue about in its discussions with the Inland Revenue. Certain taxes, notably the imposition of corporation tax on income, have made unit trusts uncompetitive with funds based in, say, Luxembourg, where taxation of investment companies is totally "transparent" – that is, the investor only pays tax as though he held the underlying securities directly. The unit trust managers are therefore hoping that they will get a better tax deal so that their units can be sold on the Continent without the necessity to clone the funds in Luxembourg.

Moreover there are technical and legal differences between unit trusts and Continental funds, which are structured differently. There could be pressure to legislate in Britain for open-ended investment companies, which are already common in the Channel Islands.

The Ucits Directive could therefore usher in a dose of international competition which over a few years might make quite a difference to the shape of the unit trust business in the UK.

Oh, by the way, OPCVM stands for *organisme de placement collectif en valeurs mobilières*. But you probably knew that already.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Accord Publ.	33*	33	26	2.20	Peelland Group
Armstrong Eq.	180*	190	176	95.80	Caparo Inds.
Asia Europe§	600*§	595	560	896.5	Cifra Hldgs.
Broadcast Comms.	330*	328	343	11.72	G'dian Man.News
DRG	590*	616	595	697.00	Pembridge Invs.
Gordon Russell	467½*	459	301	82.1	St'lcase Strafor
Lynx Group	3	7	12†	0.95	Lynx Holdings
MIL Research	295*	291	288	33.2	MAI
Meat Trade Suppl.	‡	430†	430†	‡	Alpha Gamma
Meat Trade Suppl.	350*	430†	430†	9.18	Twigrealm
Medminster	150	149	108	11.52	Expedier Leis.
Miller & Sant‡	185*	188	180	14.54	Boots
Norton Opax‡	228¼§§	223	191	325.0	Bowater Inds
Oceana Devel.	♣§	285	270	15.9	Symphony Corp.
Red Funnel	273§	276	243	27.80	Assoc Brit Ports
Silkolene	645*	634	430	28.1	Fuchs Petrolub
TR Energy	25	23	22	27.0	Europa Minerals
Textured Jersey	218*	214	185	8.7	Charterhall
UCL Group	45½	48	60	4.14	Ferrari Hldgs.
Utd. Scientific	143	160	147	79.85	Meggitt

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 29/9/89.†At suspension. §§Shares and cash. ◆All paper bid; price attributed by Hoylake. ♣Offer is 295p for each stock unit registered on the London Stock Exchange and R18.53 for each stock unit registered in S. Africa. ‡Alpha Gamma is making partial offer involving payment of 372p for 2 out of every 5 MTS shares. The total value of the bid is £9.76m. Also, MTS is offering £12.55m for Alpha Gamma.

'Umbrella' goes up

HAMBROS IS setting up a special offshore inquiry desk in Guernsey (0481-265211) following the launch this weekend of its Equus "umbrella" fund, which is recognised by the Securities and Investment Board and can therefore be sold direct to UK investors.

The "umbrella" fund has nine sub-funds, including eight with an established track record. Four existing Hong Kong based funds will be re-domiciled in Guernsey, although the fund managers and administration will stay in Hong Kong.

The only new fund to be created is a North American Growth Fund, but the Hambro-Pacific Japan Fund and Japanese Enterprise will be available to UK investors for the first time.

All of the nine sub-funds are equity funds, but *switching* costs have been reduced both within Equus and the bank's two other umbrella funds, EMMA and the Hambros Currency Fund. Switches are on a bid to offer basis, with a 5 per cent discount of the initial charge and a £30 administration fee.

To highlight the launch of the *fund, which is expected to* have some £130m under management to start with, a discount of 2 per cent is offered on all investments made before December 1. Minimum investment is £2,000 per fund.

Following the announcement by *the Department of Trade* and Industry that Thailand is now an approved market for UK authorised unit trusts, two new funds are planned. First past the post is Royal Trust, which has added Prestige Thai Portfolio as a sub-fund to its onshore umbrella fund.

During the launch period until October 16, when units will be offered at 50p each, there are bonus allocations of 1 per cent for investments up to £9,999 and 2 per cent above £10,000. Minimum investment is £500. As with the other Prestige funds, there is a hefty annual management fee of 1.9 per cent, but the initial charge of 5 per cent is negotiable with authorised financial advisers.

Providence Capitol is *launching a Thailand Trust too to add* to its range of specialist funds. It will invest 60 per cent of the fund in over 30 companies direct and put the remainder in three or four Thai investment trusts, quoted on other approved markets.

The initial charge is a low 4.76 per cent of the offer price but the annual management fee is 1.5 per cent.

The minimum investment is £500.

John Edwards

A cap and collar on home loans

WITH EXCELLENT timing in view of the uncertainty about interest rates, mortgage broker John Charcol has re-introduced the "cap and collar" loan, where the rate of interest moves within specified floor and ceiling levels.

Ian Darby, the marketing director, says it provides an attractive alternative to fixed-rate mortgages since it allows borrowers to benefit from any downward move in interest rates while setting a top limit.

The interest rate band has been set between a ceiling of 13.5 per cent and a floor of 10.5 per cent. It varies during the four-year period of the loan in accordance with the standard rate charged by the lender, First Mortgage Securities, which in turn is adjusted in line with the general trend in mortgage rates.

The present standard rate is 13.5 at the top of the band but 5 per cent can be deferred for two years, although this is added to the capital sum outstanding. Darby points out that, during the past five years, standard mortgage rates have been below *10.5 per cent for only nine months and at no time moved below 9.75.*

If mortgage rates do fall substantially and you decide to abandon the cap and collar loan before the four-year period is up, you face paying early redemption penalties. These are based on a complicated formula calculated on the number of years, the sum involved, and the rate of interest at the time. But a noticeable feature is that instead of buying the "cap" limit by paying a premium equivalent to *one or three months' interest, there is* simply an initial setting-up charge of £150.

Meanwhile, National Home Loans has introduced a fixed-rate mortgage with a difference. It *runs* for over three years; but during the first year until September 1990, the interest rate is fixed at 11.75 per cent. It then rises to 12.95 from October 1990 to March 1993.

In addition, you can defer 3 per cent of the interest for the first three years, reducing the initial rate for 12 months to only 8.75 per cent, and you can cut payments even further by using a scheme called Budget Facility under which *endowment premiums are added to the* mortgage balance.

A two-tier interest rate is also being used by CIBC Mortgages, in conjunction with Home Mortgages, to provide first-time buyers with 100 per cent loans. The first 85 per cent of the mortgage is given by CIBC at one rate (13.7 per cent) while the remaining 15 per cent is provided by Home Mortgages at a slightly higher rate of 13.9 per cent.

Home Mortgages is linking in a similar way with Stroud and Swindon Building Society to provide 100 per cent home loans, although the interest rate is higher. *The society* charges 14 per cent on its 85 per cent share of the loan, while the rate on the remaining 15 per cent provided by Home Mortgages is a hefty 14.9 per cent.

The scheme is, however, designed for high-flyers since the society is prepared to give loans based on 3.5 times the borrower's primary income, plus one times any secondary income or, alternatively, three times joint income.

J. E

Halifax falls in line

HALIFAX building society this weekend becomes the last big high street banking organisation in the UK to offer a *cheque book current account.*

It would probably not have done so unless customers had shown signs of voting with their feet. Halifax had hoped to cut the high cost of investing in a paper-based money transmission system with Cashcard, its electronic current account.

The new account is called *Maxim. It is not for everyone;* customers will be credit scored and need good credit references to get it. A Maxim account does not confer membership of the society, so anyone wishing to gain from the society's eventual (and expected) flotation should remember this.

Account holders will receive *interest of 4 per cent on* balances up to £100, and 6.50 per cent on balances over £2,000. The account comes with a cheque *and cash card which* Halifax may eventually make into a debit card, probably by putting the Switch branding on it. The cheque guarantee will be for only £50 though Halifax hints it may go up.

There will be an overdraft available at a not very generous rate of 1.9 per cent a month, and a home banking facility using a telephone and a key pad which can be used for much the same sorts of things as can be done through the *Halifax Cashcard ATMs* – statement requests, balance enquiries, bill payments, and fund transfers between accounts.

David Barchard

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Armour Trust	Monday	0.2	0.709	0.25
Barry Wehmiller International	Monday	1.5	3.0	1.8
Cramphorn	Wednesday	1.5	4.0	1.65
Druck Holdings	Thursday	2.2	4.0	2.5
EFM Dragon Trust	Tuesday	-	0.03	-
European Leisure	Monday‡	-	0.1	0.6
Galliford	Thursday	0.7	2.5	0.85
Halstead James Group	Monday	3.25	5.0	3.75
HTV Group	Tuesday	1.23	2.67	1.5
Lawtex	Wednesday	1.0	-	0.5
Maunders John Group	Wednesday	1.05	2.1	2.1
Melville Group	Tuesday	-	-	1.5
Ossory Estates	Monday	0.15	0.35	0.3
Photo-Me International	Thursday	0.6	2.4	1.2
Raine Industries	Tuesday	1.0	2.0	1.5
Strong & Fisher Holdings	Thursday	3.7	8.3	4.0
TSW-Television South West	Thursday	0.9	2.25	1.15
Ulster Television	Thursday	2.0	2.75	2.5
WCRS Group	Monday	1.35	2.6	1.65
INTERIM DIVIDENDS				
American Distributors	Monday	-	2.25	-
Arcolectric Holdings	Friday	0.44	0.52	-
Associated Fisheries	Thursday	1.0	5.0	-
Beckman A	Wednesday	1.95	3.78	-
Berry, Birch & Noble	Monday	1.5	-	-
Bilton Percy	Monday	5.15	8.95	-
Brewmaker	Monday	-	-	-
Brooks Service Group	Tuesday	1.6	3.4	-
Camellia Investments	Thursday	8.0	12.0	-
Doeflex	Tuesday	1.15	2.35	-
Early's of Witney	Wednesday	0.315	1.0	-
Etam	Thursday	1.7	4.9	-
Finlay James	Thursday	2.0	2.15‡	-
Fortnum & Mason	Wednesday	6.0	55.0	-
Gates Frank G.	Monday	-	2.75	-
Grampian Holdings	Wednesday	1.7	3.8	-
Guinness	Thursday	3.5	8.0	-
Harrisons & Crosfield	Wednesday	12.0	4.7	-
Hay Norman	Tuesday	0.66	1.5	-
Headland Group	Monday	-	-	-
Hewden Stuart	Wednesday	0.75	2.0	-
Higgs & Hill	Wednesday	4.0	8.0	-
Hi-Tec Sports	Friday	1.5	3.0	-
Holt Joseph	Tuesday	6.0	17.0	-
Ketson	Wednesday	1.0	-	-
Lamont Holdings	Monday	2.75	6.75	-
Lep Group	Thursday	1.45	3.3	-
Lowe Howard-Spink & Bell	Tuesday	4.0	8.0	-
Martin Albert Holdings	Wednesday	1.5	3.25	-
Mil Research Group	Tuesday	1.75	2.85	-
Next	Thursday	2.7	4.7	-
North British Canadian Invest.	Monday	2.7	6.3	-
Scottish Television	Friday	3.75	15.25	-
Sears	Wednesday	1.45	3.65	-
Sheffield Insulations	Tuesday	-	-	-
Tootal Group	Monday	1.8	3.05	-
TR City of London Trust	Thursday●	0.77	1.09©	-
Triplevest	Monday	8.592	9.016	-
Tullow Oil	Friday	-	-	-
Turriff Corporation	Monday	3.5	8.0	-
Ward Group	Tuesday	1.8	3.6	-
Watts, Blake, Bearne & Co.	Monday	2.3	5.1	-
Wensum Company	Wednesday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.‡ Irish pence.‡ 2nd interim dividend.● 1st quarter figures.© 4th interim dividend.

FINANCE & THE FAMILY

Does anyone know the way out?

Heather Farmbrough wonders what happens when BES investors decide to take their profits

THE BALLROOM of London's Park Lane Hotel was packed on Tuesday for the third *BEST* Business Expansion Scheme Awards. I asked one guest – a venture capitalist – why he was there. "Oh, we don't touch BES investments, he replied. "But there are lots of companies around looking for an exit route and those are the ones we're interested in."

This may reassure potential investors debating whether to put some money into a scheme before October 5, the latest date for carrying back tax relief for the 1988-89 tax year. It is still possible to carry back relief of up to £5,000 for the last financial year if investors haven't used up their annual limit of £40,000.

The question of what happens when you want to sell is becoming increasingly pressing as a number of the early schemes reach maturity – since only a few have yet offered exit routes to investors wishing to take their profits.

Such gloomy thoughts were not on people's minds as Peter Lilley, Financial Secretary to the Treasury, presented the awards for 1988-89.

Alan Paul, the hairdressing company, was the joint winner of the BES Company of the Year Award. It raised £400,000 via the BES in 1987. Originally started in 1970, it now has 110 outlets and has been floated on the Unlisted Securities Market. The award was shared with Graham Wood, the holding company for six steel construction businesses. It originally raised money under BES in April 1984 obtaining a full listing in February this year. Its share price is almost ten times the value of the original BES shares in 1984.

Among the new offers over the past year, the best non-assured tenancy issue was deemed to be Britannia Marine, which owns and operates safety vessels servicing the offshore oil and gas industries. The runner up was Chairpower Products, manufacturers and investors of an exceptionally well designed wheelchair.

The best assured tenancy BES was judged to be Norcity Homes, the first assured tenancy issue launched based on the Glasgow area. Kerrington Developments was commended. Predictably, Johnson Fry were the sponsors who raised most money during the year – a total of £97m.

Judging from Peter Lilley's speech, the Government is pretty satisfied with the way the scheme is working and is not going to alter it. Amid some heckling, Lilley said that the £500,000 limit for offers, other than assured tenancies and shipping, was working well. He claimed that as much was being raised for smaller companies under the scheme as before the limit was reduced.

The last tax year was exceptional for the BES industry which raised more than £350m but the manager of one fund currently seeking capital said it was harder going than this time last year.

Why investors should be more cautious is unclear; perhaps they have used their £40,000 allowances, or are tired of new issues, or they are simply waiting until the last minute. Incidentally, delaying until the last minute can be dangerous as cheques may take too long to clear. Nevertheless, there is still plenty to choose from among offers open now. Those not covered previously in the Financial Times include the following:

■ Manchester Village Homes sponsored by Neill Clarke (041-332- -2055) is an assured tenancy offer raising up to £5m for properties in the south Manchester area. The directors have good experience in the local housing market. This scheme includes the design and build idea, where the company intends to design and build some of its houses, thus "saving" the normal costs incurred in purchasing properties directly from a developer. The minimum individual subscription is £1,000 and the closing date is October 5.

Airways Homes Assured Tenancies is seeking £5m to provided rented accommodation, principally to British Airways employees at Heathrow. It might not be the quietest part of the country to live, but there is a considerable need for temporary and permanent rented accommodation from airline staff. The properties will be managed by the Airways Housing Trust, which has been developing and managing homes since 1947. The scheme is marketed by MMI (01 242 0171), the minimum investment is £1,000 and the offer closes on October 24.

Nomad Properties is making its second offer under BES and hoping to raise £5m to let assured tenancies in the north east. The first issue raised £1.7m. According to the Halifax Building Society, house prices in the north caught up with the rest of the country to some extent last year rising 33.1 per cent over the 12 months to June 1989. Directors say there is room for prices to go higher with plenty of new business in the area and the successful Metro centre, Europe's largest shopping centre, nearby in Gateshead.

The company's first scheme is doing well with plenty of completed applications from tenants. The minimum subscription is 800 shares at £1.15 each. The offer closes on October 31 and is sponsored by Wise Speke (tel. 091-261-1266).

Northumbria Housing, sponsored by Chonlarton (01-283-7871) is also looking to let properties in the north east. It intends to acquire houses ranging from unmodernised or derelict homes to rundown rural properties. Becketts Homes – the company of which Northumbria's chairman is managing director – will advise the company on developments and will manage the completed properties. The minimum application is £1,000 and the offer closes on October 13.

Community Housing Assured Tenancies (CHAT) claims to be a "guaranteed and socially aware" offer. The accommodation is designed for the elderly – which is not the first time a BES assured tenancy issue has addressed this market. The company hopes to raise £4.4m, and is sponsored by A G Bentley (0800-300-371).

Four sites have been selected and the company has a buy-back guarantee with the housing associations who will manage the properties in the form of a one way option. After five years, the company can ask the housing association to buy the properties back, pound for pound the amount subscribed by investors. So investors have a safety net, although the shares should be worth more than £1 each by then. The minimum subscription is £2,000 and the offer closes on October 4.

Other assured tenancy issues, some of which close next week include Capital (sponsored by Hodgson Martin 031-226-7644) which will concentrate on central Scotland, Dundee and Aberdeen. Another Hodgson Martin issue, Beechwood, will invest in Glasgow. The succinctly-named 251 Portobello Road will develop and let a single development of 11 flats in the Notting Hill area of London (Matrix Securities 01-495-4909).

If assured tenancies don't appeal, Johnson Fry (01-321-0220) is sponsoring LA Fitness which is seeking £500,000 for a new health and fitness centre in Old Isleworth village, just over the Thames from Kew Gardens.

Incidentally, Artesian, the London property development and assured tenancy company has invested more than £1m (not one per cent as previously reported) of its £4.2m capital and expects to have committed almost 50 per cent of the capital by the end of the year.

Heather Farmbrough was commended for the *BEST* BES journalist of the year award.

Eric Short explains the changes in the method of paying National Insurance contributions which come into effect next week

What's in your pay packet?

FROM NEXT Thursday, all employees earning at least £115 per week (£5,980 a year) will have an extra £3.01 a week (£156.52 a year) in their pay packet as a result of changes in the method of paying National Insurance contributions, first announced in this year's Budget.

Under the current complex contribution system, employees who earn less than £43 a week – the Lower Earnings Limit – do not pay any National Insurance contributions.

Once they earn more than £43 weekly employees are charged contributions on all their earnings on which contributions are assessed at the employee's top basic rate. For employees earnings £115 or more a week, the basic contribution rate is 9 per cent.

Under the new simplified system employees earning more than £43 a week will pay NI contributions at the rate of 2 per cent on their earnings up to the Lower Earnings Limit and 9 per cent on earnings above this amount, up to the Upper Earnings Limit – currently £325 a week.

Thus, employees earning £115 a week or more will pay 2 per cent on the first £43 of their weekly earnings, instead of 9 per cent, and the assessment of their remaining earnings is unchanged. This represents a reduction of £3.01 in their weekly NI contribution.

EFFECT OF THE NEW SYSTEM

Weekly Earnings £	Weekly Net Reduction in NI Contributions £
43	1.29
50	1.01
75	1.51
100	1.01
115 & above	3.01

Source: DSS

Employees earning less than £115 a week currently have lower basic NI contribution rates. The net effect on their weekly NI contributions is a saving at a lower amount. The table illustrates the effect of the changes.

Since there is no tax relief on NI contributions – even though effectively they are a social security tax – the employee receives the full value of the reduction.

For those seeking to cope with mortgage payments this extra money, however small, will be welcome. But how can employees not under pressure from high mortgages best use this mini-windfall?

Certain life companies, always on the lookout for further business, see this as an opportunity for employees to increase their pension commitments without cutting back on their current take-home pay. The amount involved is too small on its own for an employee to make a pension commitment from scratch. But the life companies view this as a painless way for employees already making pension payments to increase their commitments.

For example, employees in company pension schemes could increase their AVC (Additional Voluntary Contribution) payments. This move would coincide with the forthcoming campaigns in the autumn by life companies to promote their Free Standing AVC schemes.

Employees contributing to a personal pension arrangement could increase their payments too. However, this does not apply to rebate-only personal pensions that are contracted-out of the State Earnings-Related Pension Scheme.

David Barchard on a move to make credit even more flexible

Two cards – but one account

IF YOU are bewildered by the number and variety of credit cards on the market, be consoled by the thought that you can tailor the features of a card to match your needs.

Save & Prosper, the retail finance arm of Robert Fleming, the merchant bank, seems to have taken the flexibility principle furthest. It launched a credit card scheme this week which allows customers to have both a Visa card and a MasterCard, but with a single account.

Customers can choose whether they want to pay a fee (of £8 a year) and a lower interest rate equivalent to 22.7 per cent a year, or no fee and a slightly higher interest rate of 24.6 per cent. They can also choose whether or not to be billed with a single monthly account for both cards – an innovation which has led to ructions at Visa International and which could yet force Save & Prosper to compromise by putting two separate statements in the same envelope.

From the customer's point of view a single account makes payment easier, but the other advantages seem a little questionable. In the UK, there is little difference between the numbers of Visa and MasterCard retail outlets – any shop that takes one card usually will take the other. There are other countries, notably West Germany, where the situation is different and Save & Prosper seems to be going into the MasterCard market with an eye to long-term changes in Europe.

> 'Payments are made easier but the other advantages seem questionable'

For those who regard credit cards as giving a line of credit, there seems to be little point in a double account with a single issuer. Save & Prosper offers a credit limit of up to 10 per cent of gross income for home-owners.

Unlike the credit cards of the larger banks, such as Access or Barclaycard, Save & Prosper allows customers to settle their accounts with direct debits for either the full amount or the monthly minimum. But they no longer provide the cheapest Visa or MasterCard on the market. That distinction is held by the Town & Country Building Society, which charges 19.5 per cent – more than 10 percentage points below the big names in the industry.

That situation could be about to change. Barclaycard is expected to announce fairly soon that it is introducing charges, and the other Access banks will probably follow Lloyds Bank before very much longer. This will enable them to bring their interest rates down a little.

Midland Bank this week announced the launch of its mass-market Visa card, with an APR of 29.8 per cent. Midland launched a limited-circulation Visa card, called Indigo, last spring. The appearance of its new Visa means that all the Big Four banks now offer both Visa and MasterCards to their customers.

Meanwhile, new affinity cards (which donate a fraction of the amount spent with them to particular charities) continue to appear. After the Royal Society for the Protection of Birds' card, another for animal-lovers has taken its bow. The Royal Bank of Scotland is offering a different kind of MasterCard, an affinity card linked to the National Canine Defence League (NCDL).

The bank will donate £7.50 to the NCDL every time a card account is opened. The sum is enough to keep a dog in kennels for a fortnight. Will there soon be an affinity credit card for dog-haters as well?

Flotation row changes course, reports Sara Webb

Compensation payouts anger Abbey investors

THE FLOOD of complaints about the recent Abbey National flotation has changed course. Now, investors are protesting that the compensation awarded for the money they lost is far from adequate.

One of the main complaints by Abbey members was that the cheques they sent to cover the cost of additional shares were cashed as much as one week before the flotation date of July 12, whereas the refund cheques often did not arrive until several weeks later.

As a result, people who had borrowed money in order to pay for shares (which they were not allocated) incurred substantial interest charges. Others complained that the delays in sending off the refund cheques meant they lost interest on their savings.

Lloyds Bank, the registrar, later offered to refund the interest and reimburse members "in respect of reasonable direct expenses incurred . . . as a consequence of delay in the receipt of your share certificate and/or cheque." However, some of the people who took up Lloyds' offer now claim they are being short-changed *and are far from satisfied with* their compensation cheques.

John de Vries of Lincolnshire was very surprised when, instead of receiving the £25 he claimed, Lloyds sent a cheque for only £3. In his claim form, de Vries requested £24.63 in respect of £1,300 overdrawn for 41 days (the period between July 4 when his cheque was cashed and August 21 when he received his refund cheque) plus postage, some of which was spent on letters of complaint.

Meanwhile, Andy Boast of Cambridgeshire claimed £137 — £40 for interest on £1,040 of borrowed money, £25 for *stationery* and phone calls, and £72 which he calculated was adequate compensation for time lost in dealing with the process of trying to track down what had happened to his share certificates and refund cheque. Instead, he got a cheque for £25.

Lloyds says it has received fewer than 50,000 claims so far, mostly for amounts of between £3-£20. It says it has not paid out more than £50 to anyone. "We have tried to be sympathetic and reasonable," said a spokesman. Lloyds has checked all large claims — for money lost on deposits or for borrowing money — with the claimant's bank and has demanded proof *of the amount* lost.

Lloyds said it would not pay compensation for lost earnings. "We have heard from accountants and other professionals who are claiming for three hours of lost time and, frankly, we're not paying that kind of money," said the spokesman. He added that the bank had received claims from "a lot of charlatans," some of whom had "grossly exaggerated" the amount of money lost because they had borrowed or taken cash out of their savings accounts.

Lloyds says it has dealt with nearly all the claims received *apart for* "a few hundred" which are chiefly for large amounts. Some claims are still trickling in.

Lloyds and Abbey National are back-dating interest only to July 12, the date of the flotation. Since cashing the cheque implies that you accept the amount awarded, *anyone* who is still not happy about the amount they have been sent in compensation might find it worthwhile to send the cheque back and demand more, enclosing proof of how much they have lost.

This week, the Abbey National *Protest* Group — which was set up to help shareholders who had not received certificates or refund cheques — said it had heard that the Government had ruled out conducting an official inquiry into the flotation (see story below).

Yet, 2½ months after the flotation, there are still a few people who have not received their share certificates. One is Mrs Kensey a widow from Hemel Hempstead, *Hertfordshire*.

She applied for her free shares and eventually, in sheer *desperation*, resorted to the Citizens' Advice Bureau to find out what had happened to her certificates since, she says, her local Abbey National branch was unwilling to help her. Despite that, she has yet to clap eyes on the wretched pieces of paper.

Sir Campbell Adamson, the chairman of Abbey National

Grievances that won't die away

FORMER MEMBERS of the Abbey National Building Society *who still feel they* were hard done-by during the recent flotation will have been disheartened by this week's news that John Redwood, junior minister at the Department of Trade and Industry, has rejected Labour Party calls for an investigation.

Redwood has still not written to Chris Smith, the Labour front bench *spokesman, who asked for the* inquiry but, in a letter to two members of the public, he indicated he does not plan to hold one.

If the large amount of correspondence still arriving at the FT is anything to go by, many people will not be *satisfied by this answer*. The grievances that attended the flotation show little sign of dying away, although the group itself regards the problem of distributing share certificates as resolved almost entirely.

Those who think otherwise, or who feel that an inquiry is needed, should perhaps write to Redwood at the DTI. Traditionally, departmental *decisions on whether to* launch investigations can be triggered by letters from members of the public.

Meanwhile, AMAF — Abbey Members Against Flotation — has won a victory. Alexander Sandison, vice-chairman of AMAF and *one of those members* disbarred on a technicality from receiving free shares, has collected a cheque for £500 from Abbey National after sueing it in the small claims court.

Sandison had been registered with Abbey National as having power of attorney to act on his step-mother's behalf. Like trustees, widows whose *husbands had died* recently, and various other classes of member, Abbey National ruled that he was not entitled to receive any free shares.

So, Sandison spent the £37.50 that it takes to launch a case in the small claims court and demanded £500 damages. Abbey National did not reply within the required 15 days and, therefore, lost the case.

Sandison says he has prepared a brochure for anyone wanting to take similar action, although he warns that those holding *trustee accounts and widows* might not stand much chance of winning their cases in law if Abbey National chooses to contest them.

Those wanting the brochure should write to AMAF at 93 Ridgmount Gardens, London WC1E 7AZ enclosing a SAE.

David Barchard

Andrew Hill finds that North Americans can't buy a stake

Dry outlook for water float

OIL MAGNATES from Texas, Manhattan property tycoons and Californian film moguls are in for a dry autumn. They may have dollars burning holes in their pockets but they will not be able to spend them on a stake in the water and sewerage businesses of England and Wales.

Shares in the 10 British water companies are almost certainly going to be placed with large US and Canadian *institutions*, according to UK government announcements this week. But because of stock market regulations in those countries, the water issue is closed to private residents there.

Not only that: the UK government can't even reveal the name of the bank handling the private placing in the US. According to UK advisers, if the US bank received just one letter from an anglophile American begging for water shares, it would jeopardise the entire issue.

The same restriction applies to British expatriates in the US and Canada pining for a drop of home-treated water. They cannot apply for shares from a US or Canadian address.

Japanese investors will get a better deal. As in past privatisations, shares are almost certain to be sold through a public offer in Japan.

On this occasion, to ease the complex flotation, the Japanese finance ministry has also waived the need for all 10 privatisation stocks to be listed in Tokyo. Private investors in Japan — *including expatriates* — should not register in the UK but should apply for shares through their own broker or through Daiwa, which will be lead manager for the Japanese issue if it goes ahead.

In continental Europe, institutional investors will have the opportunity to subscribe through a private placing. The Treaty of Rome also indicates that all European Community members should have the chance to apply for shares.

So far, so good. But, apparently, there could be problems in one or two EC countries — Italy and Portugal have been mentioned — because of local rules on securities.

Potential investors in further-flung parts of the Continent should also bear in mind that it is worth applying for shares only if they are likely to have enough time to read the mini-prospectus (on all 10 companies) and lodge their applications before the closing date.

WATER PRIVATISATION

If you are a private investor based outside the UK or, say, an expatriate with a second home in Britain, and you are wondering if you can buy shares in the water companies, your first step should be to consult the share information office or a local lawyer.

There is another category of private shareholder outside the UK. Apparently, some individual investors drawn from the ranks of the mega-rich are habitually offered the chance to underwrite large privatisations. If you have to check whether you're one of them, you probably aren't on the list.

In the UK, meanwhile, private investors should look out for important announcements within the next two weeks on the level of share incentives being offered to those who pre-register with the government's information office.

The office has received 1.5m inquiries already despite a poll on Radio 4 last week which revealed that only 4 per cent of the population intended to buy water shares. That poll was carried out in the first week of the latest advertising campaign.

The government is also likely to reveal shortly the deadline for registration of potential shareholders, and the minimum application level.

■ *Water Share Information Office, PO Box 1, Bristol BS99 1BW (tel. 0272-272-272).*

IN THE NEWS

Societies hit back

SOME BUILDING societies are starting to hit back at the higher rates on deposits being offered by the banks. Whatever happens to base rate, several societies are guaranteeing interest rates at big premiums on new savings accounts.

Bradford & Bingley, for example, is guaranteeing a rate 4.75 per cent above its ordinary account for investors prepared to deposit a minimum of £10,000 *for* a year in its Maximiser Elite account. At present levels, this is equivalent to a compound annual rate of 11.03 per cent net after standard-rate tax has been deducted.

Interest can also be withdrawn half-yearly, in which case the rate drops to 10.75 per cent. But with the first payment not made until April 6 next year, taxpayers can defer their tax liability until the 1990/91 fiscal year and also take advantage of independent taxation for married couples.

Skipton Building Society is offering a similar deal with the launch on Monday of a one-year bond that pays 11.10 per cent net (equivalent to 14.80 gross) on a minimum balance of £5,000.

Like Bradford & Bingley, this is not a fixed rate, but Skipton guarantees that the Excel bond will always be at least 4.5 per cent higher than its paid-up share rate.

The bond matures on September 30 next year, but you will be able after the first 30 days to withdraw any amount immediately providing that a balance of £5,000 is retained and that you accept 30 days' loss of interest.

Skipton is also offering expatriate investors higher rates. Its Ninety Overseas account pays 14 per cent gross on deposits of more than £25,000 and 13 per cent on amounts over £500. As the name implies, you have to give 90 days' notice to make withdrawals without loss of interest.

The Leeds & Holbeck society's one-year investment capital bonus shares pay a net rate of 10.85 per cent (14.47 gross) and have a guaranteed premium of 4.70 per cent over the standard rate.

The compounded annual rate is equivalent to 11.14 per cent if you invest before March 1.

***

Norwich Union says it is undertaking the most ambitious series of product launches next week in its 180-year history.

It plans to compete with the banks and building societies by offering savers and investors new schemes for lump sum investment, regular savings and school fees, giving the choice between with-profits or unit-linked policies.

The new products will include a personal equity plan; a regular savings plan with a range of 13 unit trusts; and a with-profits fund, the unit price of which cannot go down.

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Commercial Union is cutting the cost of home contents insurance. It is offering up to 30 per cent premium reductions in selected areas; 20 per cent discounts for first-time house-buyers; and 5 per cent discounts to members of Neighbourhood Watch schemes.

***

General Accident is giving away reflective horse leg bands to coincide with the re-launch of a "horse and rider" insurance policy. A pair of the bands, used for improving the visibility of horses in poor weather, will be sent to anyone seeking details of the policy.

***

Ansvar, the Eastbourne-based company specialising in insurance for teetotallers, is transferring its life assurance policy business to the Wesleyan and General Assurance Society. The switch has been sanctioned by the High Court.

Geoffrey Williams, Ansvar's managing director, said policyholders would benefit from the larger scale of the Wesleyan operations and could expect to get larger bonuses than would be likely if Ansvar continued as an independent insurer.

John Edwards

FINANCE & THE FAMILY

David Cohen outlines the pros and cons of company share-buying schemes

An option well worth considering

A SOPHISTICATED FT reader would surely be sceptical about an investment opportunity offering, at best, the prospect of a spectacular gain and, at worst, an annual tax-free return of more than 7 per cent. Such scepticism would for once be unjustified – this is a fair description of what it means to be granted a savings-related share option by your employer. And the terms of such options can now be made even more generous as a result of changes announced in this year's Budget.

Approved savings-related share option schemes – to give them their full title – were introduced in the 1980 Finance Act. The crux of the scheme is that participating employees are offered the "option" to buy shares in their company in the future at a price fixed when the option is granted.

Until this year the price payable had to be at least 90 per cent of the shares value at the grant date but this has now been reduced to 80 per cent. In other words shares can be offered to employees at 20 per cent below their current market value.

Apart from the share option, the other key feature of this type of scheme is that it is "savings-related". An employee can only take out an option if at the same time he enters into a five-year savings contract, the ultimate proceeds of which will be sufficient to pay for the option shares.

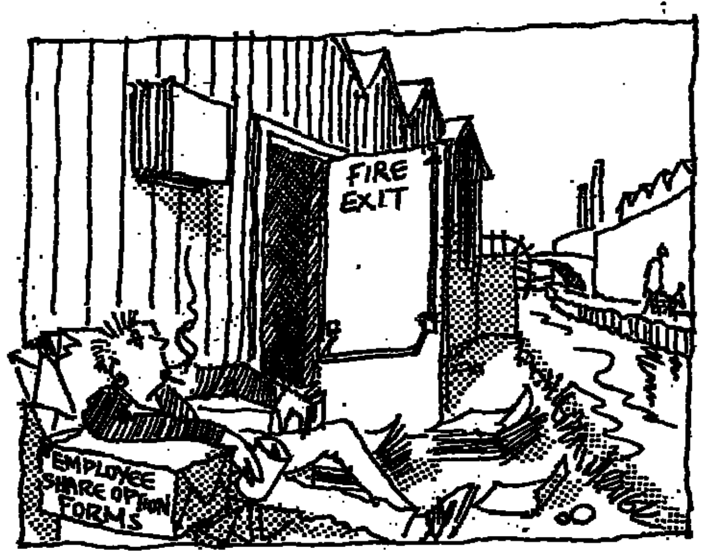
These contracts are available from either the Department of National Savings or a building society and provide for monthly contributions of anything between £10 and £150 (the maximum was raised from £100 at the beginning of this month).

At the end of the five-year contract term, the employee gets back his 60 payments together with a bonus amounting to a further 12 contributions, equivalent to a compound annual interest of 7.2 per cent net. Alternatively, if he elected at the outset for a 7-year term, he can leave his money in for another two years without making any further inputs. The bonus then goes up to 24 monthly instalments – an overall return of about 7.7 per cent.

Even taking account of the fact that all the bonuses are tax-free, these returns are solid rather than spectacular when looked at in isolation. The reality is, however, that when the employee cashes in his savings contract, he will also have the chance to exercise his share option.

If the share price has fallen below his option price then he will obviously let the option lapse. But if the market price is higher he will trigger his option and be in a position to make an immediate gain by reselling the shares.

The beneficial tax rules extend to such a gain. Although profits on employee options are usually taxed as income, participants in an "approved" scheme are, with one exception mentioned below, subject only to capital gains tax. The two taxes are now charged at the same rate



but CGT still offers the important advantage of a £5,000 annual exemption.

To appreciate the combined potential of savings contract and share option, consider the case of Alex. He is granted an option on 9,000 shares in XYZ plc at 80p when the market price is £1. To cover the cost, he takes out a £100 per month contract. After five years he has saved £6,000 and a £1,200 bonus gives him the £7,200 he needs to take up the shares.

Assume XYZ's price goes up at an annual rate of just 10 per cent. By the end of the fifth year it will have risen from £1 to £1.61. If Alex exercises the option to buy the shares at 80p and then sells at £1.61 he will net £14,490. Since his total investment was only £6,000, he has more than doubled his money. Bearing in mind that the savings were made over a five-year period, the £8,490 profit represents an annual return of more than 41 per cent.

Even if the share price had remained completely static, the combination of savings bonus and the initial 20 per cent discount would have given Alex a £3,000 gain – equivalent to more than 17 per cent per annum.

These lucrative benefits cannot be set aside for specially favoured members of staff. The legislation requires that full-time employees who have served a qualifying period of up to five years must be given the opportunity to participate.

The greatest source of potential disappointment for option holders is if they are prevented from retaining their options for the full term. This will occur if the employee loses his job or his employer is taken over before the fifth anniversary.

The scheme rules will sometimes provide that the option lapses, in which case the employee's only alternatives will be to withdraw his savings and receive a reduced rate of interest (6 per cent per year after the first year of the contract) or keep the contract going to maturity.

Even if the option can be exercised early, the potential profits will be curtailed. This is because a premature exercise of the option is restricted to the number of shares which can be purchased with the accrued proceeds of the savings contract at that time – inevitably, a smaller sum than if the contract had been completed.

Suppose that, in the earlier example, XYZ plc had been taken over three years after Alex was granted his option. Alex will by then have saved £3,600 and this will be supplemented by interest of about £160. At an option price of 80p per share, the total proceeds of £3,760 will only be enough to pay for 4,700 shares compared with £9,000 if the scheme had run for the full five-year period.

Even assuming that the takeover is at £1.61 per share – the price at the end of five years in the earlier example – Alex's profit will only be £3,807 as against £8,490 if the option had run its full course.

David Cohen is a partner in the City law firm of Paisner & Co.

EXPATRIATES

Load-free home loans

ONE PERSON'S cloud is usually another's silver lining. While many house owners in the UK are suffering a drop in the value of their property, a number of mortgage lenders are reporting brisk business from expatriates wanting to buy a house in the UK either to live in on their return or as an investment.

Traditionally, mortgage lenders have justified a higher interest rate for expatriate borrowers on the grounds of the greater risks involved when the owner is overseas and the property is let. But there is now much less justification for a premium rating following the introduction of the 1988 Housing Act. This legislation gives landlords the right to recover possession at the end of a tenancy provided they can show that the property is required for their private residence.

Alternatively, if the landlord has already given prior notice to the tenant, he can recover possession irrespective of whether he intends to occupy the property himself.

Lenders who continue to charge a loaded mortgage rate for expatriates because of the perceived difficulty of removing tenants who have overstayed their contractual welcome should substitute their present practice by insisting on the absentee landlord taking out a legal expenses insurance policy to provide protection of ownership rights.

At present not all lenders offer standard interest rates to expatriates who wish to raise finance to purchase a UK property. But the situation is changing, and a lot more lenders are coming into the expatriate market offering competitive rates. Potential borrowers should not need to pay more than 13.5 per cent currently and there are schemes, Town & Country and BNP Mortgages among them, which offer a significantly more competitive edge.

BNP Mortgages launched an expatriate mortgage plan earlier this year, originally with an 0.5 per cent uplift on its variable mortgage rate. The 0.5 per cent loading no longer applies. Mortgage loans to expatriates are now offered at BNP's standard rate of 14.65 per cent, which is high but is cushioned for the first six months by a discount of 1.5 per cent on loans over £100,000, and 1 per cent on loans up to £100 000. Alternatively, BNP offers a mortgage loan scheme where the rate is fixed at 12.5 per cent for the first three years. Up to 3 per cent of this can be deferred until the end of the three-year period.

Janet Boswell, manager, direct marketing for BNP Mortgages, says mortgage rates as high as 16 per cent have been reported to her by expatriate potential clients.

One of the most competitive contracts around comes from the Town & Country Building Society which is offering a standard mortgage rate of 13.5 per cent on its Expatriate Mortgage plus a discount of 1.05 per cent for the first year, which means an expatriate mortgage can be taken out at a current rate of 12.45 per cent.

Most of Town & Country's enquiries are from Hong Kong, but the society is planning to appoint agents in other countries to provide a service to prospective borrowers.

Town & Country is not alone in offering a standard rate mortgage to expatriates. Halifax adopts the same practice and so too does Nationwide Anglia which launched a fixed rate mortgage earlier this month with interest pegged to 12.5 per cent for the first three years.

Nationwide Anglia treats mortgage applications from expatriates on the same basis as applications from UK residents, provided the expatriate has a right of residence in the UK.

Ian Darby, marketing director of John Charcol, mortgage advisers, says if the expatriate's salary is not paid in sterling, a foreign currency loan arranged offshore might be suitable.

As to the type of mortgage, Darby confirms a trend towards interest-only mortgages both where the expatriate is planning to return to the UK and where the property is purchased as an investment. It is possible to arrange an interest only mortgage over 25 years where a loan of up to 75 per cent of the purchase price is required, he says.

Peter Gartland

Peter Gartland is Editor of The International, the FT's magazine for expatriates.

Problems with trees

ON ONE side of my property, approximately two to three feet on my neighbour's side of the party line, are several mature trees. Every year with my neighbour's consent – and, I may add, with his disapproval – I have had the tree branches trimmed.

This is because they overhang my driveway, causing a nuisance with dropped pine needles, cones, twigs and an abundance of leaves in the latter part of the year.

In conversation with my neighbour he tells me that the trees were here before I moved in and that I must put up with the problem. Can you advise me if there is any course of action I can take?

■ You can only continue to do what you have been doing. You are entitled to cut the trees back to the line of the boundary.

A case for resigning

MY LATE father established a trust, the income going to me for life and the capital being divided equally between my two children on my death. I and a friend of mine are the trustees. The trust investments include holdings of 10 per cent Treasury Stock 1992 and 11¾ per cent Treasury Stock 1999. These stocks were sold in June 1987 and the proceeds included accrued income paid gross.

The Inland Revenue has ruled that this accrued income does not form part of the trust income and is assessable on the trustees; furthermore, regardless of my own tax position (I am retired and a basic rate taxpayer) the accrued income is assessable to additional rate tax of 18 per cent. If the inspector is right, what is the reasoning behind the legislation?

The accrued income is clearly part of my income as the life tenant and I have to pay the tax on it. To classify it as not part of the trust income and assessable at a higher rate seemsilliogical, arbitrary and unfair.

■ Yes, the taxman is right (by virtue of paragraph 8 (a) of schedule 23 to the Finance Act 1985).

The accrued-income element in the sale proceeds of the stocks is part of the trust's capital: it does not form part of your income as life tenant. If the trustees have in fact paid the accrued-income element over to you as life tenant, it should be paid back into the trust forthwith. As you and your co-trustee appear to have misunderstood the terms of the trust (so far as we can deduce the facts from your brief outline), we recommend that you both have a talk with a solicitor – after giving him or her a chance to look at the trust deed beforehand, of course. Because of the invidious position in which you find yourself, as a trustee incorrectly paying trust capital to himself as life tenant, you may wish to consider resigning your trusteeship.

A brief leaflet on the accrued-income scheme is obtainable from the tax office to which the trust returns are made: ask for IR68.

Reducing liability on house

MY WIFE and I were very interested in a recent Briefcase letter headlined "Joint-Owned Investment."

Do we infer from your answer that when one of the spouses dies, handing over one-quarter of the house to the children (with the surviving spouse continuing to live there) would be an allowable method of reducing inheritance tax on the death of the second spouse?

■ It is important to be able to show that a gift which qualifies to reduce your liability to inheritance tax does not have a benefit reserved to the donor.

The risk in giving a full 50 per cent away on the first death is that it might be argued that the surviving spouse's continued occupation of the house is not as of right (because of his or her 50 per cent share) but because there is an express or implied condition attached to the gift of the other 50 per cent not to deprive the surviving spouse of possession.

A gift to children of only a 25 per cent interest in the house should be effective to prevent there being a claim that there is a benefit reserved.

If such a claim were to succeed it would negate the tax efficiency of the gift to a child, so that inheritance tax on the second death would be calculated on the value of the whole of the house.

It is doubtful whether the continued residence of the child in the house would be sufficient to deflect the risk, although it may well diminish it.

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Community charge

IF I give my live-in nanny the wherewithal to pay the Community Charge, is that:

1. A gift?
2. A benefit in kind?
3. Income on which tax and national insurance contributions are payable?

■ The right answer is 3: as the discharge of an employee's personal pecuniary liability by the employer, if paid direct to the local authority, or as remuneration (if paid to the employee herself).

Not liable for poll tax

MY WIFE and I spend between three and six months every year in the UK staying with our two sons who both have their own houses here. The rest of the year we live abroad.

Could you advise me on whether the Community Charge will be payable by us when residing with one or other of our sons and, if so, whether this is on a pro-rata basis for the number of months in a year spent in the UK?

■ On the facts which you state neither you nor your wife should become liable to pay the community charge.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.68	monthly	1	-	0-7
High interest cheque	6.50	6.70	5.36	monthly	1	500-4,999	0
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0
High interest cheque	8.40	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.00	9.20	7.36	half yearly	1	500-9,999	90
90-day	9.45	9.67	7.74	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.75	8.06	6.45	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.09	7.28	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue‡	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	9.98	10.12	8.09	monthly	1	2,500	0
Provincial Bank	10.27	10.77	8.62	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	12.43	10.32	9.05	half yearly	4	-	0
8pc Treasury 1992	12.04	9.93	8.66	half yearly	4	-	0
10.25pc Exchequer 1995	11.07	8.45	6.88	half yearly	4	-	0
3pc Treasury 1990	11.07	10.29	9.83	half yearly	4	-	0
3pc Treasury 1992	9.88	9.05	8.55	half yearly	4	-	0
Index-linked 2pc1992§§	8.95	8.44	8.13	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.‡ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

MINDING YOUR OWN BUSINESS

IF SMALL British businesses are to trade usefully in the greater European market, and position themselves to benefit from the post-1992 era, one obvious route is selling styles and services that have until now been peculiarly British.

Nicola Balniel, 28, is marketing that cool ability of the British female to "nanny" people. She and her team re-locate foreign businessmen and their families, and sort out rented accomodation, schools, and the thousand-and-one problems that face families in a strange country. Although her business is less than three years old, she is now moving decisively into continental Europe.

David Kemp, 42, has always enjoyed spending his winter holidays with friends in ski chalet parties. Looking for a new business, he realised that the very concept of the ski chalet party was yet another of those odd ideas that the British had invented – and in which which many of them like to take part when they head for the slopes. His new firm is investing £1m buying chalets in the French Alps to provide first-class facilities for exclusive private parties prepared to pay high prices.

Alpine holidays that follow the party line

IN DAVID Kemp's opinion, the travel business has many similarities with publishing in Britain. He feels the main difference is that travel is about 10 years behind publishing, having not learnt yet to market holidays selectively, or to provide the consumer with holidays tailored to choice.

He speaks from experience, having had a successful career in publishing after qualifying as a chartered accountant. He was finance director at Octopus Books and, later, joint managing director of Tigerprint. After Reed took that over, he left and decided to develop his idea for a company linking the British love for the ski chalet party with property investment. He is determined to put into practice his notion that the travel business should discover precisely what clients want – and provide it.

Kemp's new business is called The Ski Company. He believes you can arrange ski chalet parties properly only if you own, manage and staff the chalets. He and other private shareholders have subscribed £420,000 so far and are committed to a further £680,000 to buy a small number of chalets and villas in the French Alps.

This winter, they will begin operations with three refurbished premises: a 200-year-old farmhouse at Essert Romand near Morzine/Avoriaz; an Edwardian villa at Chamonix; and a chalet at Meribel Mottaret. They expect to have six chalets open by the winter season of 1990-1991. Barclays International in Paris has provided a French mortgage facility of £1m while National Westminster is responsible for financing in England.

Each chalet will have four or five double bedrooms with en-suite bathrooms and will be in the charge of a house manager and a holiday manager (whose job it will be to make sure that the skiing and the partying go with a swing). "We are pricing ourselves at almost the levels of a four-star hotel," says Kemp. "We are aiming to attract the 30- to 45-year-old high earners."

With 440 "bed weeks" on offer for the company's first winter season, Kemp calculates it can break even with an income of around £200,000 if it achieves 70 per cent occupancy. British Airways Enterprises has provided encouragement by contracting to take a number of slots for the chalets.

■ *The Ski Company, 41 Hyde Vale, Greenwich, London SE10 8QQ (tel. 01-692-3955).*

Roy Hodson

Ashley Ashwood

David Kemp . . . wants to discover what clients really want

Building a tradition of arranged carriages

Nicola Balniel, centre, with two of her counsellors

FROM THE Pre-Arrival Pack sent to families before they arrive in Britain, to the Survival Pack given to them as they settle into their new homes, nothing is left to chance by Nicola Balniel and her team of three permanent and three part-time counsellors at Corporate Relocations. She has brought a clinical efficiency to the job of looking after busy executives and their dependents who are on the move.

Balniel takes it as a matter of course, for instance, that new arrivals will want a list of local swimming baths and health centres as well as information on more routine matters such as work permits, VAT, medical care and insurance, and driving licences. The service also includes collection from the airport and organising short-term accomodation.

Balniel invested her savings of £20,000 to start the business three years ago. Most relocation services are linked to the housing market or the provision of financial services. But she decided to set up something that would be independent completely and, although expensive, comprehensive enough to attract the personnel directors of international companies.

She charges £2,200 for the comprehensive re-location of a family in the UK. That usually involves research to select a short-list of suitable properties before they arrive, and five days spent with them on arrival. Regular corporate clients are charged £1,500 for each family in a package deal.

The business was built-up initially by persuading international companies it was a service they needed. Now, it is expanding with the help of word-of-mouth recommendations. The operating profit was £41,000 last year and Balniel is expecting to top £70,000 this year.

Right at the start, she determined that her business would have an identity of its own so she spent £8,000 (which she could ill-afford then) to provide her concept of Corporate Relocations with a house style for all print-work, and a logo. The strong company identity she developed is now serving her well as she begins an overseas expansion programme.

The idea of establishing licenced offices abroad ("It is definitely not a franchise concept," Balniel insists) was tried out first when she helped a friend, Annabel Green, open a Corporate Relocations office in Paris. It has worked so well that a second licenced office is opening this month in Madrid, and others are to be launched shortly in Hamburg, Faro and Geneva. Next, it's the world.

■ *Corporate Relocations, 6/7 Grosvenor Place, London SW1X 7SH (tel. 01-245-6512).*

R. H.

When left is right

PRACTISING the principle that doing something different can improve your prospects for success, 34-year-old Kevin Kiely has launched a mail-order business for left-handed people.

Kiely used to be a personnel manager with Quaker Oats. He has raised the capital for his one-man venture by selling his London home for £105,000 and moving north to Sheffield, his home town, which has lower living costs.

He, his wife and their two young sons are living with his mother and their remaining £70,000 capital is being gobbled-up without any immediate return. But things are starting to move. The first copies of his mail-order catalogue, called *Lefthander*, went out this month. He is pinning his hopes on getting a surge of orders before Christmas that will guarantee a happy New Year for his business and family.

Kiely accepts that his venture will stand or fall by how well he can get over his message in the next few weeks. Although he has a master's degree in employee relations, he admits he knows next to nothing about public relations or advertising and is seeking help in both.

First contacts with the world of publicity have not been too happy, though. He was outraged that a one-man public relations in Sheffield should demand £640 a month for a minimum of six months to send out press releases about his 16-page glossy catalogue, in which Kiely features 55 left-handed items ranging from *golf clubs to scissors*. He intends to expand the range next year by adding do-it-yourself tools.

Preparing and printing 5,000 catalogues has cost him £3,000. As he cannot afford advertising space in national newspapers or magazines on his low budget, he is concentrating on placing small advertisements in the provincial press inviting people to send for his catalogue. But, at £150 a time, he says that even that outlay is stretching his resources. Meanwhile, he has found a temporary base by sharing an office at the Sheffield Chamber Business Centre, which has been created from a converted church. His first year's rent is fixed at only £25 a week.

Kevin Kiely . . . help for lefties in a right-thinking world

Kiely says the idea for his business came to him a year ago when he noticed that a left-handed man was having difficulty writing out a cheque and was having to hook his wrist round the cheque stub. Right-handed *himself*, Kiely realised that left-handed people have a tough time in this right-thinking world. His left-handed postman supported the idea, pointing out that he could not find a shop selling left-handed golf clubs.

As at least 10 per cent of British people are left-handed (although some estimates say the real figure is around 25 per cent), Kiely foresaw a *minimum market of more than 5m* for such items as left-handed corkscrews (they are turned anti-clockwise), golf clubs, potato peelers, secateurs, and even birthday cards that open back-to-front.

There are companies in Britain and continental Europe making all those items, and many more. Kiely set about tracking them down for inclusion in his catalogue. He says: "I was soon very disappointed to find that many firms in Britain regard left-handed people as a minority market which is not worth catering-for. Some firms would not consider adapting their products because I could place only small orders."

He is now buying from all over Europe; left-handed corkscrews and wallpaper scissors come from Germany, for example. But he says he will be delighted to hear from British manufacturers who can supply him.

His biggest single investment so far has been £9,500 spent with a Sussex firm which has produced an exclusive range of desk-top merchandise for him, including left-handed personal organisers. It is a big risk because he has no idea if the range will sell.

One company which took to his idea immediately was the Pretty Ugly Pottery in north Wales. That firm now is producing coffee mugs with grimacing visages that face outwards when held by a left-hander. Urged on by Kiely, it also has introduced a new line – a mug that states: "Left-handers are better lovers."

Had he been in the market considerably earlier, his catalogue would have been appreciated by Leonardo da Vinci, Michelangelo, Picasso and Einstein. All were left-handed.

■ *Lefthander, Sheffield Chamber Business Centre, Bramall Lane, Sheffield S2 4QZ (tel. 0742-739-205).*

Ian Macgill

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Dumfries 17 miles Carlisle 50 miles

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Edinburgh EH2 4AW.
Tel: (031) 225 8602

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NORTH YORKSHIRE
A Valuable Agricultural Estate
547 Acres: £23,926 per annum

HUMBERSIDE
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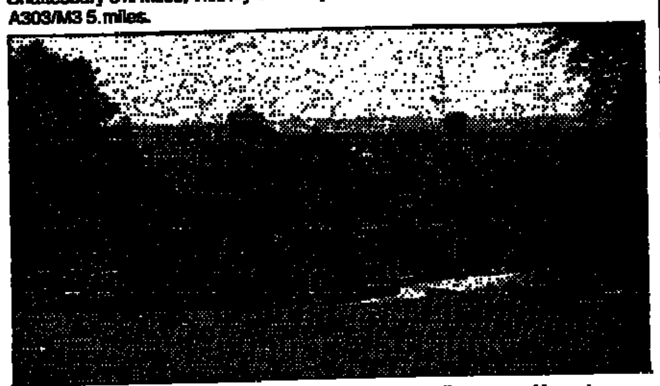
For Sale by Private Treaty

Harrogate Office:
Regent House, 13-15 Albert Street,
Harrogate, North Yorkshire HG1 1JX.
Tel: (0423) 523423
and
London Office:
127 Mount Street, London W1Y 5HA
Tel: 01-499 4155

Humberts Residential

Wiltshire/Dorset Border 10½ acres

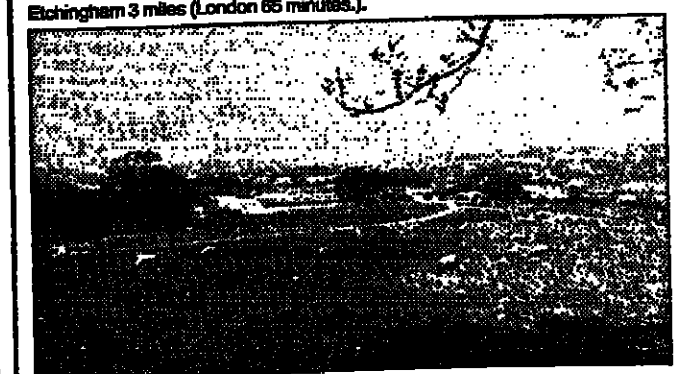
Shaftesbury 3½ miles, Tisbury 5 miles (Waterloo under 2 hours), A303/M3 5 miles.



A handsome house situated in an area of outstanding natural beauty.
4 reception rooms, 6 bedrooms, 3 dressing rooms, 3 bathrooms, cloakroom, kitchen/breakfast room. Oil central heating. Garaging, outbuildings and stabling. Garden. Paddocks. Annexe with hall, sitting room, kitchen, bedroom, bathroom.
Price Guide: £575,000 Freehold with about 10½ acres.
Details: Shaftesbury Office, Tel: (0747) 53492 11/6937/JNS

Sussex 142 Acres

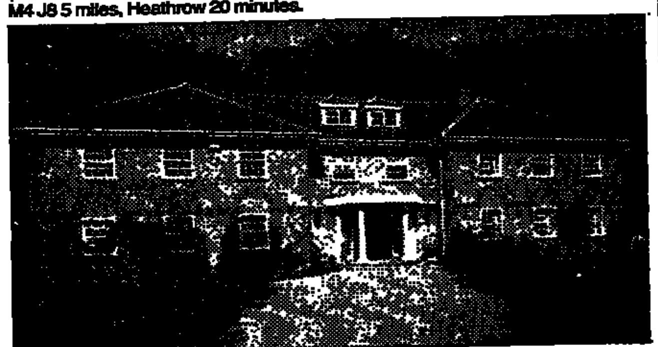
Burwash ½ mile, Heathfield 6 miles, Tunbridge Wells 16 miles, Etchingham 3 miles (London 65 minutes).



A residential stock farm with considerable sporting potential and spectacular views over the Rother Valley.
The principal house comprising a pair of brick built cottages now forming one dwelling, with a total of 3 reception rooms, 6 bedrooms and 2 bathrooms. A range of modern and traditional farm buildings with potential for residential conversion. Arable, grassland and woodland. Additional land totalling about 46 acres available by separate negotiation. Considerable potential for creating leisure based enterprises utilising the river frontage, natural topography and privacy of location.
In all about 142.78 acres. For sale by Private Treaty. As a whole or in 2 lots.
Details: Humberts London Office, Tel: 01-629 6700
Humberts Lewes Office, Tel: (0273) 478828 01/4012/NJL

Berkshire

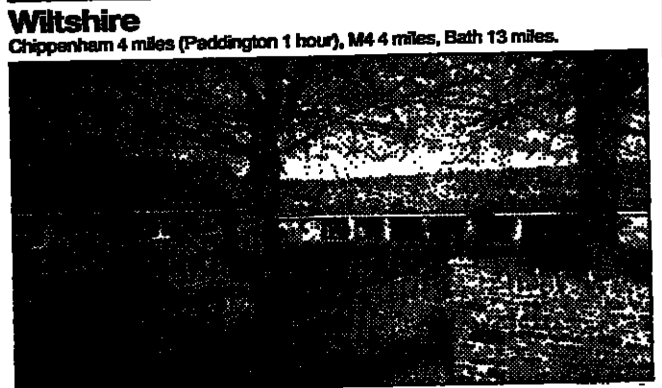
Ascot Central London 26 miles, Ascot ½ mile (British Rail Waterloo 45 mins.), Windsor 5 miles, M3 J3 5 miles, M4 J8 5 miles, Heathrow 20 minutes.



An elegant Georgian Style home, luxuriously appointed with spacious accommodation ideally suited for entertaining.
Reception hall, 4 reception rooms, 2 bedroom suites, 3 further bedrooms, bathroom, cloakroom, kitchen/breakfast room, utility room. Garaging for 3 vehicles. Heated swimming pool, pool house, workshop. Mature gardens and grounds of about 1 acre. Freehold for Sale by Private Treaty.
Details: Humberts London Office, Tel: 01-629 6700
Hamptons Ascot Office, Tel: (0990) 27555 01/03/4201/MPRR

Wiltshire

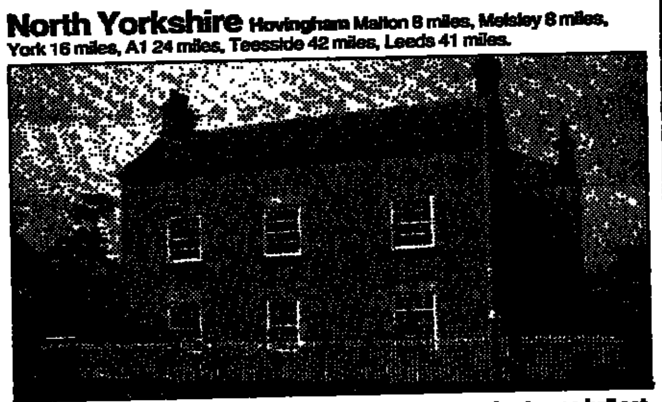
Chippenham 4 miles (Paddington 1 hour), M4 4 miles, Bath 13 miles.



A most luxurious barn conversion in a rural setting.
3 reception rooms, 4 bedrooms, 3 bathrooms (2 en-suite), cloakroom, excellent kitchen/breakfast room. Oil central heating. Garaging for 2 cars. Walled garden.
Details: Chippenham Office, Tel: (0249) 444555
Cluttons Bath Office, Tel: (0225) 469511 10/5054/DMLB

North Yorkshire

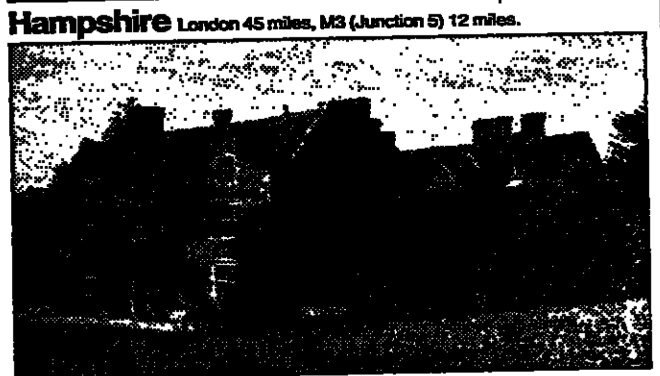
Hovingham Malton 8 miles, Melsley 8 miles, York 16 miles, A1 24 miles, Teesside 42 miles, Leeds 41 miles.



A fine former vicarage with superb reception rooms and entrance hall set in a private walled garden in a lovely estate.
Reception hall, 3 reception rooms, master bedroom suite, 5 further first floor bedrooms, bathroom 2, large cloakroom, kitchen room. domestic offices, utility room, 3 attic rooms. Oil central heating. Walled garden.
Offers in excess of £250,000 For the Freehold.
Detached coach house block also available if required with potential for conversion to further self-contained accommodation.
Details: York Office, Tel: (0904) 611828 21/1265/PJP

Hampshire

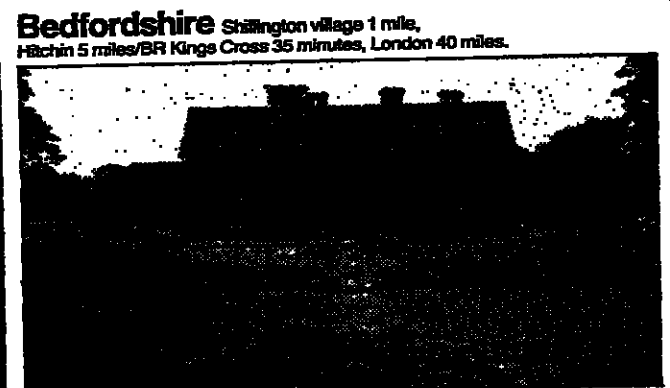
London 45 miles, M3 (Junction 5) 12 miles.



An historically and architecturally important House, the Eighteenth Century home of Jane Austen's family.
Fine interior with Elizabethan Hall and 5 historic 17th and 18th Century Public Rooms, 6 principal bedrooms, 10 further bedrooms and nursery wing. Victorian kitchen and extensive domestic quarters. Mature park setting with lawns, borders and secluded walled gardens in unspoilt downland setting.
In all about 26 acres. Additional 220 acres of adjoining parkland available.
Details: Humberts National Leisure Division,
25 Grosvenor Street, London W1X 9FE Tel: 01-629 6700 01/05/CHD

Bedfordshire

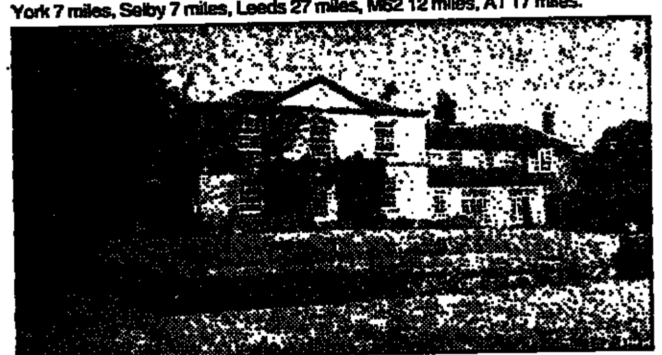
Shillington village 1 mile, Hitchin 5 miles/BR Kings Cross 35 minutes, London 40 miles.



A delightful small Residential Estate.
Lot 1: Shillington Manor. Entrance hall, 4 reception rooms, 7 bedrooms, 2 bathrooms, cloakroom, domestic offices. 2 period barns suitable for conversion, subject to planning. Range of traditional outbuildings. Garaging and loose boxes. Mature wooded garden and grounds with ½ acre lake. In all about 23 acres.
Lot 2: A useful block of arable land with good road frontage. In all about 22 acres.
Lot 3: A block of level grazing land with good road frontage. In all about 19 acres.
Freehold for Sale by Private Treaty. As a whole or in 3 lots.
Details: Hatfield Office, Tel: (07072) 75351
London Office, Tel: 01-629 6700 01/4177/MPRR

North Yorkshire 470 Acres

York 7 miles, Selby 7 miles, Leeds 27 miles, M62 12 miles, A1 17 miles.



A traditional residential and agricultural estate with a substantial principal house, let village properties and development potential.
The Georgian Hall having 3 reception rooms, 8 bedrooms, 4 bathrooms, domestic offices, outbuildings, garden and grounds. Two let farms and 17 houses (the majority subject to tenancies). Two ranges of traditional farm buildings and a number of further sites suitable for development. Arable, pasture and amenity woodland. Gross rental income totalling £23,720.00 per annum.
In all about 470 acres. For sale by Private Treaty. As a whole or in 30 lots.
Details: Humberts Agricultural Agency Department, Tel: 01-629 6700
York Office, Tel: (0904) 611828 0102/8991/NJL

London Office:
01-629 6700
Humberts, Chartered Surveyors
25 Grosvenor Street, London W1X 9FE Telex: 27444

SAVILLS

WILTSHIRE – Salisbury, The Cathedral Close

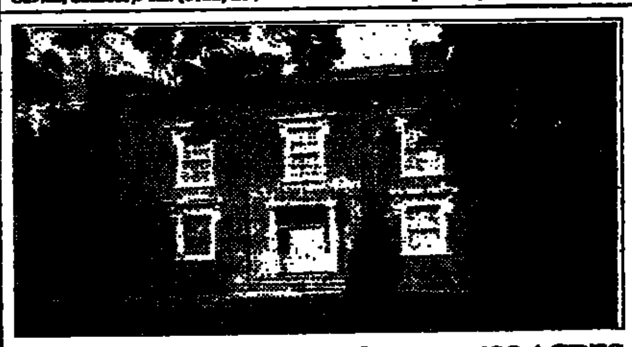
London 83 miles (Waterloo 87 minutes).
Superbly appointed mainly Tudor house in lovely setting within the renowned Close with magnificent views of the Cathedral.
3 reception rooms, master bedroom suite with shower room, 2 further bedrooms, bathroom. Gas central heating, walled courtyard, parking space. Small private garden plus use of adjoining superb gardens stretching down to the River Avon.
Leasehold: 54 years.
Savills, Salisbury. Tel: (0722) 20422. Contact: Christopher Lacy.

WILTSHIRE – Downton

Salisbury 6½ miles (Waterloo 1hr 27 minutes), Southampton 18 miles, London 89 miles.
An historic manor house, formerly the home of the family of Sir Walter Raleigh.
5 reception rooms including The Great Parlour, 5 bedrooms, 2 bathrooms, shower room, oil central heating, double garage, gardens. Detached 4 bedroom cottage.
About 1.84 acres. Offers in the region of £500,000.
Joint agents: Woolley & Wallis. Tel: (0722) 21711.
Savills, Salisbury. Tel: (0722) 20422. Contact: Christopher Lacy.

WEST SUSSEX – Near Horsham

Horsham 3 miles (Victoria/London Bridge 50/55 minutes), A23/M23 3 miles, Gatwick 14 miles.
A rare opportunity to purchase this luxurious modern home in an outstanding setting.
4 reception rooms, 5/6 bedrooms, dressing room, 2 bathrooms, garaging, indoor swimming pool complex.
Exceptional landscaped grounds with views towards the South Downs.
About 7½ acres. Further land may be available.
Offers in excess of £800,000.
Savills, London. Tel: 01-499 8644. Contact: Paul Finnegan.



CAMBRIDGESHIRE – Littleport 438 ACRES

Cambridge 23 miles, Ely 7 miles, Liverpool Street 1 hour 55 minutes.
An outstanding hall and grounds set in 432 acres of let land.
Late 18th century 8 bedroom Hall.
Stabling and outbuildings. Sporting rights over the whole.
432 acres of let Grade I land (currently producing £24,000 per annum).
For sale as a whole by private treaty.
Savills, Lincoln. Tel: (0522) 534691.
Contact: Roland Machin or Tom Hewitt.

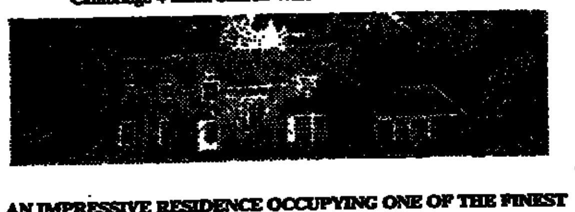
01-499 8644 20 Grosvenor Hill, London W1X 0HQ

BIDWELLS 0223 841842

Chartered Surveyors

CAMBRIDGESHIRE

Cambridge 4 miles. Saffron Walden 9 miles. M11, 3 miles.



AN IMPRESSIVE RESIDENCE OCCUPYING ONE OF THE FINEST ELEVATED POSITIONS IN SOUTH CAMBRIDGESHIRE
Hall, cloakroom, drawing room, dining room, playroom/bedroom 5, kitchen/breakfast room, 4 bedrooms, bathroom and shower room.
Magnificent mature gardens and ground.
About 1.43 acres. (Futher one acre paddock available)

Offers around £335,000

Stonecross, Trumpington High Street, Cambridge CB2 2SU

GERRARDS CROSS

Luxury family home of the highest quality, set at the end of a quiet road. Hall, cloakroom, drawing room, dining room, pine panelled study, kitchen/breakfast room, 5 bedrooms, 3 bath/shower rooms, gas central heating, exceptional interior specification, garaging for 4 cars and car port for 3 cars, delightful secluded landscaped gardens of about 3/4 acre.

OFFERS INVITED

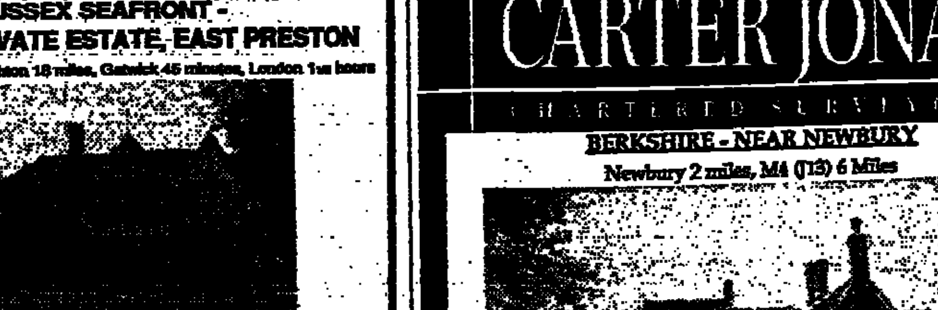
RAFFETY BUCKLAND
Country Houses
(0494) 678438

PASCOE

East Preston Office
0903 774239

WEST SUSSEX SEAFRONT – WILLOWHAYNE PRIVATE ESTATE, EAST PRESTON

Worthing 5 miles, Chichester & Brighton 18 miles, Gatwick 45 minutes, London 1½ hours



One of the finest marine homes of character on the South Coast, 8 Bedrooms, 4 Bathrooms, Magnificent reception rooms including elegant hall 40' Drawing Room, Oak panelled Dining Room & Study, Indoor Heated Swimming Pool & leisure room 37' x 23', Snooker/Games room, 3 car Garage, Private South facing gardens of over an acre leading to quiet Sandy beach.

OFFERS IN EXCESS OF £750,000

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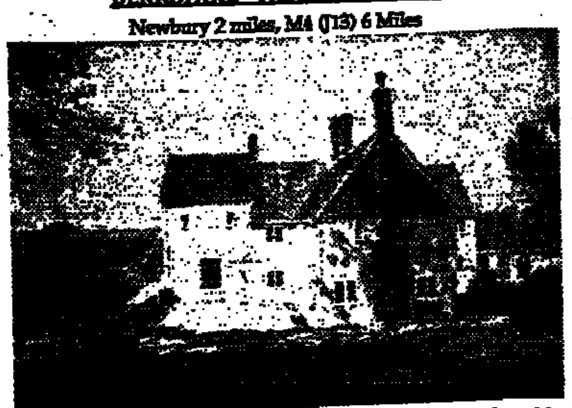
CHARTERED SURVEYORS

BERKSHIRE - NEAR NEWBURY

Newbury 2 miles, M4 (J13) 6 Miles



A magnificent secluded period house, impeccably refurbished. Long private drive to total privacy, bordering Newbury Golf Course and racecourse.
Pigeons Farm - 3 reception rooms, 5 bedrooms, 2 bathrooms, conservatory, garaging and attractive gardens.
Pigeons Farmhouse - 3 reception rooms, 5/6 bedrooms, 3 bathrooms, double garage and gardens.

Joint Agents: Lane Fox, Pangbourne - 07357 5757
Marlborough office - 0672 54546 London office - 01-629 7154

London Office Tel 01-629 7154

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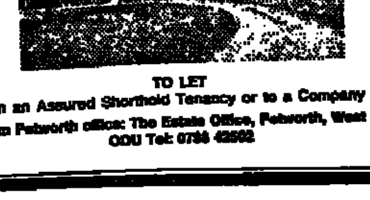
EAST SUSSEX
Near Plumpton, Lewes

The principal Manor House of a substantial Agricultural Estate set in a Park and with fine views of the South Downs. Accommodation includes master bedroom with en-suite bathroom and dressing room, 7 further bedrooms, 3 bathrooms, 3 reception, billiard room, study, kitchen and breakfast room. Stabling and grazing can be made available

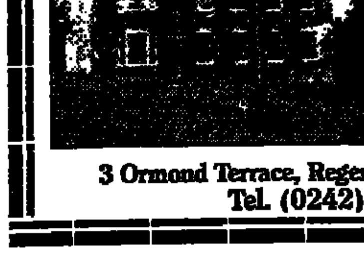


TO LET
on an Assured Shorthold Tenancy or to a Company
Particulars from Petworth office: The Estate Office, Petworth, West Sussex GU28 0DU Tel: 0798 42502

BRUTON KNOWLES

CHARTERED SURVEYORS

WINCHCOMBE · CHELTENHAM
GLOUCESTERSHIRE



Cheltenham 7 miles.
Stratford upon Avon 19 miles.
A delightful Cotswold property, part 16th Century standing in grounds of 4 acres.
fine reception rooms,
7 bedrooms, 3 bathrooms.
Domestic wing.
Tudor barn. Detached garaging.
Development potential subject to planning permission for hotel, leisure, office or institutional use.

3 Ormond Terrace, Regent Street, Cheltenham,
Tel. (0242) 245081.

PROPERTY

Homes *will* sell if the price is right

***John Brennan** on why "bargains" and cut-price offers may not be all that they seem*

IN A UK housing market that at present is attracting only scavengers, one popular way of trying to attract buyers is to appeal to their bargain-hunting instincts. As a result, by no means all the "Distressed Sale" and "Must Sell" advertisements that appear are from homeowners who have genuinely fallen down the gap between their income and their loan payments. In among the genuine "distressed" sales there are, in Emily Anson's experience, a fair number of far from distressed speculative vendors.

Anson's relocation and home search agency in London involves her in tracking down properties for investors. "I have followed up a number of these 'must sell' claims," she says, and I have yet to find anywhere where the price has been reduced significantly."

This "roll over and play dead" tactic is not restricted to London. With estate agents across Britain reporting that prospective buyers this summer have commonly been viewing 30, 40 or more properties before making up their minds whether to buy or not, it is understandable that vendors should be keen to give their home any sales advantage they can think of. But simply calling a house or flat a "bargain" is not a guarantee of attracting a viewer, let alone a buyer.

"Bargain" selling only works in a specific set of circumstances. Bargains appeal to impulse buyers, and unless there is a genuine price reduction on offer the ploy only works when those buyers are a little vague about correct values. Cut-price offers also lose much of their impact if the buyers think that the sales are going to last a long time. Only a few of these points translate to the housing market now.

The caution and patience of most home hunters pretty well explodes hopes of drawing an impulse buyer through the front door. As for boosting the asking price only to increase the theatrical effect of a subsequent price reduction, that stands little chance of impressing people who will have seen a dozen or more other properties and whose sense of housing values will be as acute as any surveyor.

The one bargain angle that *might* have some mileage in it for sellers is to play the "buy while stocks last" theme. This needs adapting to sound the warning that the market has bottomed-out and that the opportunity to stroll through as many other people's living rooms as you fancy, offering a small percentage of the asking price to take it off their hands, will not last much longer.

This in turn begs the multi-billion pound question of whether the housing market is on the turn, or not. There are signs of a revival of interest in quite a few sectors of the market after a sluggish spring and summer, but it would be reckless to risk a house sale on the hope that any prospective buyer can be rushed into picking up a bargain before the residential "sales" come to an end.

So, what can a would-be seller make of the market today, and how can they best approach the business of getting a sale?

If there were any certain answers to those questions there would not be so many worried British homeowners now considering sales by lottery, or lugging their property particulars around from sales agent to sales agent in the hope of catching one with a real, live buyer on their lists, or attempting their own marketing programmes – whether pleading the "bargain" sales angle or not.

Selling a house yourself is a tempting option when the professionals seem stumped. Tempting, but not as simple as it looks. John O'Callaghan, the ebullient former estate agent whose works include such self-improvement books as *How to Make Your First Million: An Entrepreneur's Guide to Success, Money and Power*, believes that selling it yourself is a realistic option on the grounds that the best person to sell a property is the one who knows it best, and the one who has most to lose if the place isn't sold fast – and that's the owner. Working from that base, and injecting his theme with a mass of sales tips, O'Callaghan's *How To Sell Your House Without an Estate Agent!* (published by O'Callaghan's own European Entrepreneurs Association at £9.95), provides a common sense guide to the self-selling job.

O'Callaghan approaches the business of property selling with a pace that drives even the casual reader on through the checklists on value, preparation of a property for visitors, preparing your own sales particulars, advertising and turning a queue of viewers into a line of anxious bidders.

He tackles the problems of oddly-named houses, how to create the best first impression and how to sift the buyers from Sunday afternoon trippers – "its boring, let's go look at some houses" – and a cast list of other time wasters.

As O'Callaghan says: "The house has to look right and it has to be priced right. Given those two factors, the rest is just a matter of common sense . . ." No sales agent would disagree with that, and O'Callaghan's self-sales thoughts would certainly not be wasted on an owner who decides to appoint an agent.

For every owner who bemoans the service they receive from their agent there is a wine bar full of agents bemoaning the standard of their clients. O'Callaghan readers might well drive their agents mad by passing on their "how to" tips, but at least they might be expected to keep the place smell-free, take the marketing efforts seriously and resist the temptation to chip in with gory details of the dry rot or the neighbour's vicious dogs when their agent is smiling his way around the property with a prospective buyer.

On the face of it, it would seem sensible to have two or three agencies trying to find buyers for a property. In practice, of course, multiple agency means multiply-divided sales commissions, and the slimmer the commission the less any individual agency's incentive to press ahead with the marketing.

It is also impossible for owners to keep proper track of a sales programme if they are trying to find out who has done what, when and why, from a brace or more of different agents. In any event, in this buyers' market many of the major agencies have been insisting on sole instruction for all but the most exceptional properties.

However, the best presentation in the market won't win a buyer if the price is wrong. As Brian D'Arcy Clark of the West End agents Chesterfield, says: "You are always driven back to the age-old rule that if you start selling at a price that is too high you end up with a price that is too low, and there are still people who are being greedy, instructing at too high a price."

Sales agents are not unduly keen to labour the point, but the fact is that if a property does not attract a few interested prospective buyers when it is first put on the market, or if it misses its prime sales promotion "window," it can easily get stuck beneath the accumulating pile of later offerings. That is one solid reason to avoid the obvious temptation of trying to have as many agents as possible trying to sell a place.

Hard evidence of the principle that a property's best chances of selling are in the first few weeks of its release, and therefore of the critical importance of not attempting the bull market tactic of pitching the asking price high on an off chance, comes from Tony Snarey, chairman and chief executive of the Royal's William H Brown agency network. Across his 230 residential offices the figures show that nearly 75 per cent of property sales are signed up in the first six weeks of the sales period.

Snarey's experience over the past year also provides pointers to current pricing trends, and to that other multi-billion pound question about when the housing market as a whole will reawaken nationally. As for prices, William H Brown's offices cover Britain from north of the Thames and so they reflect the wide regional variations that help make a nonsense of all house price generalisations.

As an example, he says: "Looking from August to August, prices in Nottingham, Leicestershire and Cambridgeshire have risen between 20 and 25 per cent, yet prices in Suffolk are down around 25 per cent." What those figures mask, of course, is the critical figure for sales volumes. In common with all but a few specialist agencies, William H Brown's number of property sales is down by around 40 per cent year-on-year, and it is down by nearer 50 per cent on a strict comparison between August 1989 and last August.

"When properties are priced properly they are selling," says Snarey, "but while it takes only a couple of months for the builders to feel the effect of a downturn, it takes private owners at least six months to realise that what would have been worth, say, £60,000 a couple of years ago, and which could have sold for £100,000 last year, will sell for £80,000 now." Once that is accepted, the logjam of unsold property that has been seen in the housing market for a year should start to clear.

Ads you know and love

ROY BROOKS was one estate agent with the sure skill of attracting attention to a property. For more than 20 years from the beginning of the 1950s, Roy Brooks' wry copywriting dragged readers' eyes to advertisements that turned properties' peculiarities into sales points.

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INTERNATIONAL PROPERTY

FISHING

Just a moment of pleasure

Why Michael Wigan thinks angling is a worthwhile activity

TO MY surprise, an article I wrote for Weekend Travel (June 17) about bonefishing got the animal rightists all hot and bothered. Nor was their objection that playing the fish sounded too much fun. The problem, apparently, was that the fish successfully caught were released again. Had they been eaten, I assume, catching them would have been more acceptable.

What a curious idea! I am sure that the poor bonefish would not see it that way, because the Christmas Island tradition is barbless flies, or crimped-down fly hooks, and the metal is simply reversed through the fish's bony mouth leaving him to rejoin his fellows without any serious hurt. Better a few minutes of rough treatment and then a return to the vasty deep than the *struggle followed* through with a decisive tap on the head, surely?

The idea that fishing is somehow justifiable if what is caught is eaten would drive a wedge through the ranks of fishermen. Unhappy the man who caught a 200 lb halibut in the Pentland Firth and had to eat it all. Or the marlin fisherman in Kenya. It would make him give up fishing. Would only fishing for small fish be alright? Would you have to pack up and leave if you were successful straight away?

I have seen fishermen in the Brazilian Pantanal, where the freshwater fish can weigh hundreds of pounds, carting mammoth freezer crates home. This removal of the larger fish has happened to such an extent that it is upsetting the ecosystem, and has led to a dangerous increase in the numbers of piranha. Is this what we should be doing? Of course not. Catch and release is the very pivot of the whole North American conservation strategy: fish for man and man for fish.

The concept of food-fishing only illumines a terrible confusion. Game fishing – or for that matter shooting or stalking – is no longer primarily for the pot. Stalking ceased to be a larder-filling exercise and became pure sport about six centuries ago. One of the killed beasts was roasted as a fitting culmination of the day. Part of the ceremony, and the adornment of the carcase with garlands and so on, was a tribute to the animal's nobility. Sport evolved from the greater efficiency of hunting techniques.

Equating the modern game fisherman with a primeval hunter is to confuse him with an Eskimo bobbing his baits through a hole in the ice. If the fisherman has a hungry gleam in his eye it is not from his belly that the fire is coming but from his hunting instinct, and an indefinable desire somehow to get to grips with nature, a part of nature occluded from man's ordinary view.

It should not be necessary to point out to anti-game fishing people that the tackle is refined down to what will create the fairest contest, with the balance of success lying always with the quarry. For anyone who just wants a fish lunging at the other end there are a number of things which will unfailingly hook fish if they are around. But a fisherman's joy is to deceive, hook, play and land fish on his terms, and on the lightest tackle.

In passing, let me mention the 1988 fishing mega-story

from Canada, which made a national hero of its subject overnight. An Atlantic salmon weighing 62 lb (by photo-deduction: it was returned to the river) was caught on a dry fly using a 3 lb breaking strain nylon! Probably only one man in 1,000 would have the skill, delicacy and luck needed to bring that fish in. Who would want to deny such a master his place in the limelight?

You may argue – to hell with the fisherman and his concern with fair play and light tackle, which only means that the fish is being strung out, flipping and gasping, for even longer. What about the fish? A fish, you may say, was not created for man's pleasure in this perverted form of combat.

Unfortunately, in many cases this simplistic view is no longer tenable. Off Christmas Island the bonefish would soon be netted into extinction if the Government of Kiribati was not determined to protect it for the game fishing industry. Bonefish, although inedible, has a value for fishmeal processors in Hawaii. If the bonefishing off Christmas Island folded up, the only meaningful income-producer for the 1,000-strong community would go too. The island would become depopulated, as other Pacific islands are becoming, starved of imports and strangled by servicing costs.

Take salmon fishing. Without it Scotland would lose a hugely valuable asset, assessed as its next money-spinner after whisky. What with the tackle shops, ghillies, fishing rents, netsmen, sporting agencies, processing and smoking industries, hotels and associated suppliers, salmon supports the Highland economy in a very substantial way.

If convinced of the inhumanity of salmon fishing, the Government could wind down its involvement in the North Atlantic Salmon Conservation Organisation, ground its spotter planes and allow rogue nations to net the king of gamefish to extinction in the wild. But it is not much use objecting to the treatment of a fish at an angler's hands when the alternative is the fish's disappearance.

Really, the nub of the anti's reaction is the pleasure element. Any argument about the humane killing of fish stumbles immediately on the commercial sea fishery. Cod, mackerel, plaice and the others are tossed into the hold and suffocated to death by the weight of their squirming fellows, squashed alive in a horrible mass burial. But what consumer would be prepared to pay the price increase resulting from each individual codling getting its own *tap on the head*?

Let us be serious. The problem is not that it hurts the fish; it cannot be that the fish isn't going to be eaten; it has to be that someone is getting pleasure out of it. This is indeed a thorny issue. Pleasure is a terrible thing, often inspiring hostility and scorn in those who hear about other people obtaining it.

There is a hint of green-eye among the puritans. Many forms of pleasure are under attack, such as smoking. Activities which harm, exploit, even impinge on the environment, are in the frontline of criticism from the indefatigable pleasure-curbing minorities. These sourpusses are having a field-day. However, fishermen are a *formidable* enemy. With more than 4m devotees in Britain, fishing ranks as our most popular pastime.

What will defeat the antis is that we are in the dawn days of leisure. Recreation and pleasure must be catered for on a new scale. The sunrise sports – sailboarding, microlighting, waterbiking and so on – all impinge on the environment somewhere along the line, whereas well-managed fishing is environment-friendly.

The game fisherman flicking out his curling line, sitting alone in a boat on a rain-obliterated loch or canal bank or standing in mesmerised concentration at a mysterious pool of teasing water, is an innocuous, contemplative figure; part, almost, of the natural order. Generations of cartoonists have found him a figure of fun, addicted to his uncomfortable, arcane pastime and to embellishing its mysteries with the tallest of stories.

His hours of devotional labour are rewarded by perhaps only a second or two of fishy response. Many a fisherman has complained, only partly in jest, that a fish grabbing the fly is a violation of the soothing rhythm of casting and retrieving. A salmon fisherman can trudge back to his hotel at the end of a blank day and talk obsessively in the bar about the single rise he had: no more than a faint swirl on the water, but it made his day. Who would want to put a stop to such a piteous creature's moment of enjoyment?

A new angle on fishermen's tales

BY MID-AUGUST, I'd had enough of our thoroughly un-English summer. I like my hot, sunny days to come as a surprise, not a matter of course. I don't like my garden to have fissures big *enough to swallow the dog*. More to the point, I don't like my rivers reduced to weed-choked ditches, and my lakes lukewarm and caked in algae, because fishing in such conditions is a waste of time.

But then my spirits were uplifted. First, we had some rain – not as much as we needed, but enough to remind us that the stuff still existed. Second, I received the best new fishing book I have read in years.

It came from Golden Grove, a publishing firm of which I had never heard, and it written by David Street, a man of whom I had never heard. Its title is *Fishing In Wild Places* and, at £12.95, it is the duty of every discerning trout fisherman to buy it.

It is cast in that most difficult form, that of reminiscence, and it tells of experiences in Shetland, the Faroes, north-east England and (most extensively) Ireland. It has the virtue of being written lyrically but not soppily. It is about fishing, yet more than that. Street has the true writer's gift of evoking the spirit of place, unaffectedly, truthfully and memorably. His chapters on sea trout fishing in the west of Ireland made me long to be afloat once again on those windswept waters.

Although Street's book is by far the best to come my way of late, it is not the only one worth reading. John Bailey's *In Wild Waters* (Crowood £14.95) tells of adventures in pursuit of pike, carp and other species in far-flung parts of the realm. It is a handsome book and contains some excellent tales, told vividly. But I feel there is something of an excess of Bailey in it; 42 photographs of the author smacks of self-advertisement.

The Art of Sea Trout Fishing, by Charles McLaren (Unwin Hyman £12.95) is filled with the wisdom distilled from a lifetime's experience of fishing Scottish waters. McLaren was brought up on that greatest of sea trout fisheries, Loch Maree, and for many years ran the Altnaharra Hotel on Loch Hope. It is evident that he was a tremendous fish-catcher – and a tough one, judging from his advice to abstain from using midge repellent when fishing at night.

He has few pretensions to literary style (he died just after revising the book) but succeeds in imparting his knowledge in a commendably straightforward fashion. However, the book has no photographs and seems rather expensive.

The same publisher has done a great service by reprinting, in a revised edition, Dermot Wilson's *Fishing The Dry Fly* (Unwin Paperbacks, £8.99). This must be regarded as the standard work of instruction on the subject. It is sane, written elegantly, and lightened by humour and pleasing touches of lyricism.

Another man whose spiritual home is the chalk streams of southern England is Conrad Voss Bark. His latest book is called, with touching immodesty, *Conrad Voss Bark on Fly Fishing* (Unwin Hyman £14.95). It gives the impression of having been written at odd moments, in some haste, and without a clear sense of direction. Its main argument – that true fly fishing is done in what he calls "the lighter parts of the water, the surface or upper layers" – seems nonsense to me. But it is, nonetheless, a diverting read and full of rough good sense on other subjects.

Finally, I wish to praise a monumental work of scholarship, *Ecology and Management of Atlantic Salmon*, by Dr Derek Mills of Edinburgh University (Chapman and Hall). I doubt if there are half a dozen people alive who know more about the salmon than Mills. There may well not be any.

This book assembles a vast mass of information. The fact that it is hard going is neither here nor there. It is important and indispensable. Unfortunately, I cannot imagine that many people will buy it because it costs, believe or not, £45.

Tom Fort

Pioneer of gay lib and animal rights

***Anthony Curtis** reviews a gay 'boy's' biography that made him laugh and cry*

ANYONE WHO has ever wondered what happens to a golden, gay boy who survives into middle and then into old age should read *Ackerley*. It is one of those rare biographies that make you want to laugh and cry by turns; though strictly factual it has the teeming interior life and narrative sweep of a good novel.

J.R. Ackerley was the author of only a handful of books much treasured by his fellow-writers and friends, now acquiring wider, permanent fame as 20th century classics. They include *Hindoo Holiday*, *My Dog Tulip*, *We Think the World of You*, *My Father and Myself*. I suppose you could call him a pioneer of both gay lib and of animal rights; what was most remarkable was not merely the courageous honesty of his account of his sexual proclivities, but the delicate precision of his prose and the acerbity of his wit.

These stylistic attributes were equally a feature of his private writings, his letters and a diary, which have been published since his death and, as this biography amply demonstrates, they were consistently present even in his workaday correspondence when he was running the books and arts pages of *The Listener*. This was Ackerley's job from his mid 30s to the age of 63 when, in 1959, he had at last to retire. (After 30 years service with the BBC his pension was £468 a year.)

Peter Parker's chapter "Inside the machine" should become required reading for anyone who is made the literary editor of a magazine or newspaper. It is the only sustained piece of writing I know to give an accurate account of what this peculiar position entails. Ackerley had in 1935 drifted into the post – as most people do – from more mainstream responsibility at the BBC, which he joined after leaving Cambridge at the end of the war.

The BBC's cultural magazine, *The Listener*, had been founded in 1929 in

ACKERLEY: A LIFE OF J.R. ACKERLEY
by Peter Parker
Constable £16.95, 465 pages

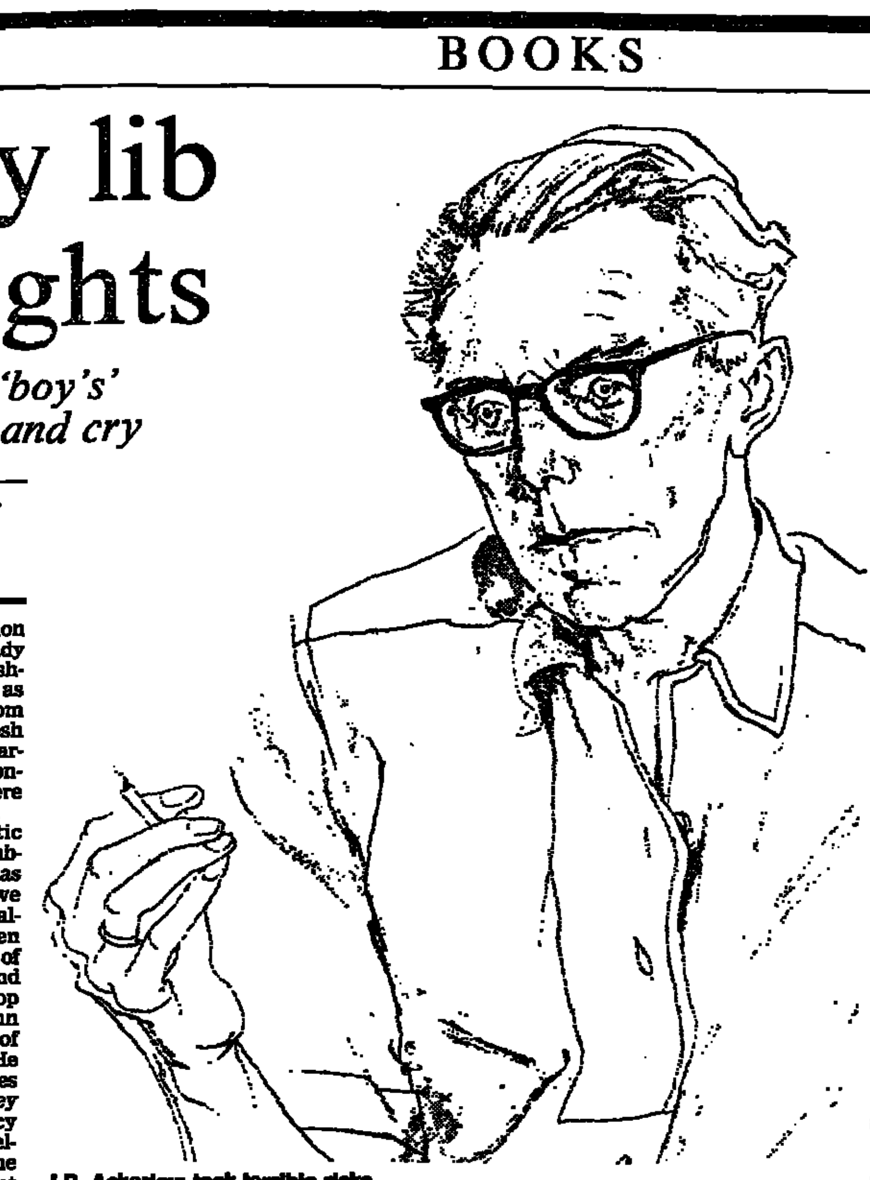
the teeth of some ferocious opposition from the other weeklies. It had already acquired a good reputation for publishing book and art reviews as well as poetry. Ackerley, who took over from Janet Adam Smith, raised it to fresh peaks of influence and excellence, particularly in the area of art and fiction-reviewing, which in those days were the only review articles to be signed.

Ackerley had a fairly sympathetic editor in C.S Lambert, who had established the journal from its inception as a haven of serious writing, but above him there were people like Stephen Tallents and A.P.Ryan who had a keen animosity to the attitudes of many of Ackerley's highbrow contributors; and above those two henchmen at the top the pyramid stood the awesome John Reith, who regarded the writings of such people simply as anathema. He would send down frequent directives demanding a change of tack. Ackerley always fired back with deadly accuracy in a beautiful broadside of memos seldom yielding an inch. The fact that he served his full term at the job is a point in favour of the employment structure at the BBC.

If his masters had had the slightest inkling of what Ackerley's private life was like, his hold on the job might have been even more tenuous. He was, as he revealed in his autobiography, a highly promiscuous gay with a compulsive urge to pick up "rent" in the pubs around Victoria Street and Horse Guards Parade. He took terrible risks. Ackerley died in 1967 before the Wolfenden recommendations had become law.

Parker goes into all that thoroughly, perhaps a little too thoroughly, and he also reveals the more permanent relationships which Ackerley formed with working-class boys, one of whom – his great love – was a petty criminal. It is not a pretty story. It was complicated by Ackerley's own family situation. He had the shock of discovering on his father's death that the old boy, a pillar of the banana import business, had had a second family by a mistress he had kept secret from Ackerley's mother.

Apart from them, Ackerley also had a sister, Nancy, for whom he became the sole support after her ex-husband's alimony ran out and who eventually came to live with him in a quasi-marital situation of intense love-hatred. And as if all this were not enough domestic responsibility for one poor man of letters, he took over an Alsatian bitch, Queenie, from his boyfriend when the lad went off for a spell inside, an animal to which he formed an all-consuming attachment in his old age. Ackerley has told us about all this himself in his incomparable way, but the facts are so extraordinary that they certainly bear further examination.



J.R. Ackerley: took terrible risks

Black comedy of war

***Geoffrey Moore** on the psychological impact of the Second World War*

DISILLUSION with a war is nowhere more dramatically illustrated than by the turn of events between 1914 and 1918. Rupert Brooke hoped that if he should die there would be some corner of a foreign field etc, but in the end Wilfred Owen gave the lie to Horace's *Dulce et decorum est pro patria mori*. After the Second World War Joseph Heller and Kurt Vonnegut went further. War is not merely hell; it is an obscene farce, a black comedy.

This is the line which Paul Fussell takes in *Wartime*. A Professor of English at the University of Pennsylvania, he turned, in the 1970s, to what he calls "psychological and emotional culture." In the current study Fussell undertakes to examine the impact of the Second World War on both soldiers and civilians.

He is concerned with the damage which the war did not merely to bodies but to minds. He sets out to expose the rationalisations and euphemisms which people developed in order to cope with unacceptable reality. Believing that the Second World War, as much as the First, was romanticised by the "sentimental, the loony patriotic, the ignorant and bloodthirsty," he has tried, he says, to balance the scales.

The result is as shocking an account of disaster and human error as one could find anywhere – and the pity of it is that it is all true. The British and Americans did prepare for the second war as if the Blitzkrieg had not happened. There was a belief that "precision bombing" was actually feasible.

Fussell's relentless documentation of blunders is sickening. For example, on April 28, 1944 nine German torpedo boats cut to pieces 200 ships engaged in an American rehearsal for the invasion of Europe: 749 Americans, says Fussell, were "secretly bulldozed into a mass grave." Rumours proliferated. Nuns were seen to pay bus fares with hairy hands, etc. Among the catalogue of dismembered penises, heads rolling, arms shot off and rotting corpses, Fussell inserts the bawdy songs that we all know and love and, as befits a literary man, extracts from Alun Lewis, Sidney Keyes, Julian Maclaren-Ross and other well-known wartime writers.

WARTIME: UNDERSTANDING AND BEHAVIOUR IN THE SECOND WORLD WAR
by Paul Fussell
OUP £15, 330 pages

It's all there, and it makes horrifying reading. But somehow it is not as cathartic as it should be. The effect created by Fussell's heavy-handed method is one of distinct uneasiness. The situation was bad enough, but he has loaded the dice. War produces something infinitely more complex than either false heroics or vulgar debunking. That is why the subject needs to be handled with restraint and a sense of proportion.

Fussell pours scorn on the idea that the Second World War was a Necessary War. He considers that it was "a war and nothing else, and thus stupid and sadistic;" hence, it needs to be "demythologised." While granting, readily, that at bottom all war is wrong, it does seem that he has not paused to think what Europe would have been like if Hitler had not been defeated.

Having experienced combat with a rifle platoon in France and been wounded into the bargain, Fussell knows at first hand what he is talking about. But if bravery is often inspired by fear, it is still bravery. The tired fighter pilots of the Battle of Britain, heavily outnumbered and badly trained as they were compared with their German counterparts, did not lose their morale.

The people of blitzed London and other cities did not cave in and cry for surrender. There may have been a disturbing number of deserters among the Allied forces, unspeakable eviscerations, pipelines which did not work, the shooting-down of friendly aircraft, but there was also an inspiring spirit of comradeship and of willingness to work together.

It is a truism, but nevertheless worth repeating, that for all its horror war ironically brings out the best as well as the worst in men and women. William Faulkner said in his Nobel Prize address that Man would prevail because he has a soul, a spirit capable of compassion and sacrifice and endurance. Sometimes there do not seem to be many of these qualities around, but they are there deep down and to deny that they exist at all, as Paul Fussell seems to do, subverts the truth.

Fiction

Historical romps

EXPERIMENTAL novelists need to be twice, not half, as good as straightforward ones. Else, no-one will make the effort that reading them demands. *Sexing the Cherry* is extremely readable, but choppy. It bounces you about; you're not always sure where Jeanette Winterson is taking you, but brilliantly she leads, weaving about in history, fantasy and realism, persuading you instantly into the 17th-century and a world of grotesques and violence.

The Dog-Woman, giantess and, if we are to believe her, mass murderer, fishes a mud-caked infant from the Thames, names him Jordan, dotes on him for life, breeds dogs, hates and kills Puritans, sees Charles I beheaded and his son restored, survives the Plague and the Fire and tramps about London like King Kong in drag, fierce, terrible and funny. The linking theme is horticulture, the real hero Tradescant, Jordan's master, who teaches him about new marvels such as bananas, pineapples, grafting trees, and navigation. Simple prose shows the subtlest of minds behind it, swift, confident, dazzling: it is like watching a top-class skater performing unlikely feats of skill and daring.

Restoration is more straightforward, about almost the same period; the title contains several jokes and allusions as well as the obvious historical one. The narrator Merivel, trained as a physician, makes his fortunes when he cures the King's favourite spaniel and marries the King's favourite new mistress; he is knighted, given a great house and estate in Norfolk and expected (of course) to steer clear of involvement with his wife.

There's the rub. Rumbustious, often ridiculous but highly likeable, Merivel has too easily involved a heart. He loves the King, the King's mistress, a Quaker friend who saves his sanity by making him nurse the insane and live on porridge; he loves his house and estate, his several mistresses, life in general. The Plague, the Great Fire, the King's favour, then disfavour, his wife's indifference, his friend's death – all the knocks of fortune of the 17th-century leave him chastened but not downcast, to end in a Tower in the place he loves best, restored to royal favour of a sort and the red-headed infant daughter he adored. What used to be a rather despised genre transformed by (among others) Peter Ackroyd, is further strengthened by a novel as satisfying and intelligent as this one.

SEXING THE CHERRY
By Jeanette Winterson
Bloomsbury £12.95, 167 pages

RESTORATION
by Rose Tremain
Hamish Hamilton £12.95, 371 pages

THE FROG LINE
by Carol Birch
Bloomsbury £13.95, 248 pages

FLORRIE'S GIRLS
by Maeve Kelly
Michael Joseph £11.95, 246 pages

The Frog Line is about people on the grey fringes of today's society – not quite criminal, though sometimes brushing against police and prison; not quite drop-outs though unstable, meandering, without position, property or jobs; not quite tramps or bag-ladies, but not far from the cardboard box and plastic sack groupings of real penury.

It starts, of course, in childhood, the sense of rootlessness, the need to move on. Gloria's mother is highly neurotic, her father, more plainly, a beast; home life and its atmosphere are appalling. At 16 Gloria is raped by a stranger and has a baby. Then starts a life of wandering: purposeless, unstructured, not always unhappy but apparently heading nowhere.

Despite its action, the book is neither gloomy in effect nor hopeless in feeling. Its first 70 pages are straightforward narrative; the rest is Gloria's first-person present tense narrative, passionate, spunky, tender, sometimes violent but never vicious. Carol Birch's first novel won last year's David Higham Award and this is an excellent second, fulfilling, as few do, the early promise.

Florrie's Girls is also first person narrative, diary entries about hospital life in post-war London, whose surnames and nicknames deflower or at least unsex the nurses, who sound like schoolgirls with erotic yearnings. Cos comes from a farm in Ireland. Binks and Hanly and the terrible Maguire, Sister and Matron, boyfriends and doctors, pushed-around patients and the bleak, austere city: all are neatly and often touchingly conjured with (though Cos mocks the "begorrah" view of Ireland) an unmistakeable Irish intonation.

Inevitably, the young Edna O'Brien comes to mind, with her similar social background, sharp eyes and experiences of a country girl in a 1950s townscape. But Maeve Kelly's voice is very much her own, neat, unflashy, often funny, often sad. Cos's lover dies in her own hospital ward and there are no rituals to see him off. "The Kerry women would have keened for Laurence," she writes. "*I should have keened for him.*"

Isabel Quigly

The dancer and the don

***Clement Crisp** reviews the letters of unlikely lovers*

THE IMPROBABILITY of the union between John Maynard Keynes and Lydia Lopokova is rivalled only by the intense happiness it gave to both partners. Bloomsbury was stunned that one of its cherished members, a brilliant economist, a Cambridge Apostle and, it was assumed, a homosexual, should have fallen totally under the spell of what Lytton Strachey called "a half-witted canary."

That the canary was one of the most bewitching dancers of that (or any other) age did not concern Keynes's circle, though they may have noted with despair that the impulsive ballerina's every lightning change of artistic direction was accepted by an adoring public, and even by the usually unrelenting Diaghilev who had first brought her to the West in 1910.

Virginia Woolf, no devotee of the dancer, identified Lopokova's magic very astutely as "the genius of personality." That Lopokova had a lively mind and a fund of native wisdom was clear to Keynes. What Bloomsbury was to discover was that Keynes and Lopokova had fallen deeply in love and were, by some rare alchemy, ideally suited to each other, and remained thus during the 21 years of their marriage.

Six years ago Milo Keynes edited a collection of reminiscences of Lopokova which provided a beguiling portrait of her as artist, wife, and contributor to the gaiety of the world. He included a selection of her letters, whose idiosyncratic grammar, spelling and artfully artless turns of phrase provided a close-up of the ballerina's wayward temperament. Now Polly Hill and Richard Keynes, the economist's niece and nephew, have edited a collection of those daily letters which Lopokova and Keynes wrote during the three years before their marriage in July 1925.

Keynes was then a don at Kings, Cambridge, contributing to *The Nation*, and acting as an economic guru. Lopokova remained in Gordon Square, in the bosom of Bloomsbury, when not dancing briefly in Paris. Every day they were apart, letters were exchanged. They are notes written between lovers, each eager for the least snippet of information about how the other felt, whom they had seen, what excitements (in Lopokova's case) and activities (in Keynes's) had occurred. But, and this need surprise no-one today when letter-writing has so largely been replaced by telephone chat, these letters are in the main attenuated and mundane stuff.

LYDIA AND MAYNARD
ed. Polly Hill and Richard Keynes
Andre Deutsch £17.95, 367 pages

Even after editing, and much has apparently been excised by Dr Hill and Professor Keynes, they offer the dullest minutiae of their authors' days. Keynes tells of his writing, of college business, of the purchase of a new suit or a bit of furniture; Lopokova sees friends, dashes to Rumpelmeyer's for cakes, comments on Keynsian economics in her own wild way, and intermittently pursues her career. Significantly, she never comments on how the upper echelons of Bloomsbury reacted to her, and with admirable tact ignores the enmity of Vanessa Bell.

The originality of Lopokova's English as she unburdens herself to her "*Maynarochka*" – she can end a letter "Warm channels" and sign herself "Your true underworld dog" – does not disguise the fact that the letters are hermetically personal, or that a book is altogether too vast a container for such linguistic charm. Keynes is loving, but hardly communicative of ideas: he is to lunch with Winston Churchill "to have a gossip about politics," but we never learn of what they talked.

Brief interest resides in the footnotes to ballet history provided by Lopokova's comments on Diaghilev and Massine – beady about money – but much of the best material was creamed off in the earlier biographical collection. We are left with the intimate feelings of two people in love, whose privacy should have been respected. This collection turns us into Peeping Toms.

One of nature's stirrer-uppers

THIS is a most disorderly book. It is not a biography of Richard Crossman; nor does it claim to be. And it is not quite a full portrait either, for large chunks are left out. The chronology is all over the place, and there is a certain amount of repetition; it seems to have been written in a hurry.

Nevertheless, it is a great pleasure to read: nearly always fun, frequently perceptive and only occasionally bitter. What else would you expect of Dalyell on Crossman?

The pair of them had a good deal in common. It was not only the Labour Party and public school – Crossman the Wykehamist and Dalyell the Etonian: for a while, Dalyell lived in part of Crossman's London house; he was also Crossman's PPS, or Parliamentary Private Secretary, and perfectly capable of standing up to him in argument.

What the book brings out is how difficult it is to be an independent intellectual in the Labour Party – and perhaps in any party. Crossman is most remembered now for his Diaries. But that is posthumous. When he was alive, he was famous for much else besides: for examples, his book, *Plato Today*; his intelligence work in the Second World War; and his extensive knowledge of foreign affairs.

It was often said that he was on the left wing of the party and could not be trusted on foreign or defence policy. That was why Harold Wilson denied him a role in either of them when he became Prime Minister in 1964.

Yet there is a great deal in this book to show that Crossman's approach to foreign affairs was distinctly pragmatic. He was not automatically pro-Soviet, when much of the left wing of the party was. Nor was he by any means anti-American. When he met Richard Nixon, he swallowed his prejudices and decided that in many ways Nixon was a better US President than some of the candidates from the East Coast establishment. Nixon reciprocated the admiration.

DICK CROSSMAN: A PORTRAIT
by Tam Dalyell
Weidenfeld & Nicolson £14.95,253 pages

The trouble was that Crossman never really fitted into anything. He had a lot to do with the science and technology policy that helped Labour win the 1964 election, but he was not made Secretary of State for Education. He contributed greatly to housing and pensions policy, to mental health reform and, not least, to the creation of Select Committees in the House of Commons. He believed in debate and argument; not everyone else did.

He was also a bit of a conservative eccentric. He delighted in his relations with the Queen. He wanted to write a book about Prince Albert. He spotted the potential of the young Geoffrey Howe and the young Margaret Thatcher, whom he described as "rather a pal." He was not opposed to political honours.

Dalyell claims that Crossman wanted to be a Cabinet Minister in order to be able to write his *Diaries* from the inside. One suspects that there was a bit more to it than that. Crossman would have liked to have been a more successful minister than he was.

Dick Crossman

Clearly he did not suffer fools gladly. Dalyell describes him as "a thug and a basher – not quite a bully" who had "a low fed-upness threshold." He was also "one of Mother Nature's stirrer-uppers;" who believed in turbulence for its own sake. Dalyell seems quiet by comparison.

Malcolm Rutherford

Stone Age Wales

A YOUNG history student sets out in darkness to walk along ridgeway paths through the Black Mountains, searching for his missing grandfather. In the light of a rising moon he finds, not his grandfather but the lost lives of men and women who, over the millenia, have left traces on this remote Welsh landscape.

In a series of 23 short stories (published posthumously) beginning with a family of stone-age hunters and ending with a battle against the Roman invaders, Raymond Williams attempted not just to dramatise the past but to express modes of consciousness which are as remote from modern man as the social forms and ways of life which created them.

The early stories are of a people who are living on the edge of survival, among whom the life of the individual can only be preserved precariously, if at all, by subordinating it to the group interest. In these stories Williams movingly dramatises the interaction of personal feeling and group consciousness. Even when dealing with enforced infanticide, Williams never confirms Hobbes' unsympathetic judgment that the lives of such people can be dismissed as "nasty, short and brutish." Set against the overwhelming natural forces of an ice age, they move, in all their privations, with a sort of austere dignity.

Later stories tell of the coming of the shepherd peoples who, despite their alien language, race and ways, are presented as settling down beside the hunting groups with wary mutual acceptance. Indeed Williams seems anxious to present views of human nature in which violence is seen as a shocking personal aberration. When it does burst out, its consequences are shown being ameliorated by group acts of healing and reconciliation.

In contrast the coming of the warrior Celts, first as raiders then as "lords," is presented with great imaginative force as a revolutionary destruction of a delicate social and spiritual organism. Severed heads as trophies and the enslavement of conquered peoples show that the era of exploitation of man by man has begun. Neverthe less, Williams allows even these their eloquent druidic spokesman in *The Wise Owl and the Slave*: "We astonish the world with all the moving colours of life. And that is why we are lords, for we have taken life and shaped it, and moved in its shapes. We have made life dance to our songs, while you still creep close to the earth."

PEOPLE OF THE BLACK MOUNTAINS, I: THE BEGINNING
by Raymond Williams
Chatto & Windus, £13.95, 361 pages

These stories are surprisingly varied and skilfully interconnected to give a sense of unfolding human possibilities. Their association with a particular locality is another unifying factor. Less satisfactory is the structural device by which Williams attempts to pull them into even closer unity. After each group of stories we return to the student, Glyn, on the moonlit ridgeway, through whose imagination and thoughts these lost lives are reconstituted. Unfortunately, the student in the moonlight is unmistakeably Professor Williams in his lecture room.

Geoffrey James

Family matinée idol

***B.A. Young** on the life of Gerald du Maurier*

AT 40, Dr Harding writes, Gerald du Maurier "was at the top of his profession." And so he was, but he had never played a part more memorable than Captain Hook. As James Agate wrote, "He was a much better actor than he had ever the inclination to be," and he made his way to the top by means of popular second-class parts like Raffles and Bulldog Drummond.

His career coincided with one of the leanest periods the English theatre ever went through. Shaw, Granville-Barker, Galsworthy were at work; but in his 16 years at Wyndham's du Maurier never put on anything more important than *Dear Brutus*. There are elderly play-goers alive today who still recall with admiration his performances in such plays as *Diplomacy* and *A Kiss for Cinderella*.

Yet he was also a producer of genius. He chose the unknown Gladys Cooper for his lead in *Diplomacy*, cast Gracie Fields as a peeress in *SOS*, and sacked the leading lady in his own play *The Dancers* so he could engage Tallulah Bankhead. Of any unprofessional relations with women, the book has nothing to say.

As an actor, he set a new manner of playing. "I couldn't do realistic plays," he said, "in that declamatory style which everybody had been using since David Garrick." His new way, certainly not learnt from his early days with John Hare, was deceptively simple and quasi-naturalistic, though it meant hard work. The languid manner in which – in a typical gesture on-stage – he would extract a silver cigarette-case from his breast-pocket was much admired. As Olivier has said, "He deceived us into believing that realistic acting was realistic behaviour."

GERALD DU MAURIER
by James Harding
Hodder & Stoughton £15.00, 198 pages

Du Maurier appears today as a fine period-piece, a matinée idol par excellence, and James Harding has paid wide attention to the period. Indeed he follows Sir Gerald's lineage back three generations to Mary Anne Clarke, the mistress of George III's brother, the Duke of York. Ms Clarke's grandson, by way of her daughter Ellen and an idle French husband, Louis-Mathurin du Maurier, was the *Punch* artist, George du Maurier, of whom the magazine wrote:

"L'artiste celèbre, George du Maurier,/ A beaucoup ramassé des lauriers;/ Et de nos jours son fils dans les rangs de Thespis/ S'est établi au front, et encore y est."

We have over 20 pages on father George, and very good too. Dr Harding never misses the chance of an anecdote, occasionally even invents dialogue to go with it. His Gerald was evidently a well-liked man, though whether we should like him today is hard to say. Both at Harrow and in the Brigade of Guards Training Corps he seems to have been stupid and selfish – but it does him some credit that, after doing so well until 1918, he should then volunteer for the Army, at 45 years old.

He was devoted to his family; his daughter Daphne wrote the standard biography of him, *Gerald*. Du Maurier worked hard at duties like the Actors' Orphanage. Agate was right when he said, "He has left a name that will probably last out this century at least."

هكذا من الاصل

WILDLIFE

Picture this: a world threatened with oblivion

Peter Knight** on the bleak future facing our rare animals. Illustration by **John Bishop

Greed, vanity, and a recipe for extinction

PLANET EARTH

HERE IS an Eastern recipe to enhance your sex life. Step 1: Take one extremely rare African black rhino, shoot it with an automatic rifle and hack off its horn with a machete. Step 2: Grind the horn into a fine powder. Step 3: Hold a pinch to your nose and sniff. If you can't find fresh ingredients then visit Taiwan, where you can buy powder at $40,000 a kilogram wholesale.

Snorting rhino horn powder might sound absurd to a Westerner. But is it any more ridiculous than our love for French perfume, some of which still contains the juice from a gland located adjacent to the penis of a near-extinct Himalayan musk deer? The trade in musk essence, which is extracted from the pre-putial gland just below a male deer's urethra, might be banned but conservationists claim that some French perfumiers still mix the pungent stuff in their products. Raw musk oil can be bought for around $40,000 a kilogram in Japan. A little goes a long way and it is quite easy to fly from Tokyo to Paris with a bottle. Perfumiers do not have to publish their ingredients.

The profitable trade in wild animals and their products is supposed to be controlled by the Convention on *International* Trade in Endangered Species (Cites), which meets in Lusanne, Switzerland on October 9. This United Nations organisation sets limits and prohibits the trade in some species, but it depends on individual countries to police the restrictions. Some nations are a little less vigilant and their officials a lot more corrupt than others, which tends to undermine the work of Cites.

Controlling the trade depends to a great extent on stifling the demand, which is driven by our insatiable desire for all things wild. The irony is that in a world in which virtually anything can be synthesised, we much prefer the natural product, even if it means the extinction of a species.

Take Japan and ivory. It is traditional for the Japanese to have a personal seal, a little rod that looks something like a thick-pencil and which is pressed into sealing-wax to leave an impression. Plastic seals do the job equally well, but a slice of elephant tooth is preferred – so much so that Japan provides one of the biggest markets for elephant tusks, further encouraging poachers to kill more of Africa's dwindling herds.

The vast sums of money available for medical research has pushed up the price of chimpanzees to around $12,000 each. Chimps are prized because of their similarity to humans. But this biological likeness does not prevent man from incarcerating his nearest relation, intentionally traumatising him, injecting him with incurable diseases and sometimes mutilating him, all in the name of science. Many chimpanzees are used in Aids research and man's need to find a cure has undermined some of the moral arguments against vivisection. Demand is high and chimpanzee traders are making a killing.

Chimps, few of which are left in the wild, are also used for fun, to encourage us to buy more tea and to make money for beach photographers. Exotic animals have intrigued us for centuries but television has removed the need to view animals in zoos and circuses. Can we still justify caging lions and gorillas in cold countries to educate our children and provide a thrill for a dull Saturday?

It seems we can, because the tradition continues. And nowhere is it stronger than in advertising. The Toucan returned briefly to promote the Guinness takeover of Distillers and pushed up the UK collector's price for this rare bird from £300 to £1,300. In the East the owner of an Australian frilled lizard can earn up to $4,000 a day for a personal appearance by his pet to promote supermarket goods and Japanese cars.

We might be accustomed to tigers in our tank but the use of rare animals in advertising cannot be any more tasteful than the taste in decor of the late Aristotle Onassis. He surrounded the bar on his yacht, *Christina*, with stools made from the penises of sperm whales. There appears to be no accounting for taste, unless it's a poacher's bottom line.

DIVERSIONS

In an article three weeks ago, John Martin Robinson claimed that English Heritage was proving a "monumental disappointment." In reply, John Newman asserts that English Heritage is one of the principal guides to the English conservation movement.

We *are* the heritage guardians

PUBLIC BODIES such as English Heritage expect to be attacked, and accurate criticism of its performance – when, for example, it is slow and bureaucratic – is both justifiable and healthy. Nor is it surprised to receive adverse comment on many of its policy decisions, which are rarely clear-cut or easily made.

John Martin Robinson's article in the *Financial Times* on September 9, however, did not marshal criticism of this sort, but was a sustained attack that gave the impression that English Heritage has no redeeming feature and is in all respects inferior to what it has replaced.

He concluded with a call for its abolition. In doing this the author resorted to so many non sequiturs and misleading juxtapositions – doubly surprising and depressing, coming as they do from an historian of repute – that a reply is necessary.

To begin with staff numbers. The total number of salaried staff employed by English Heritage at present is about 1,590. Of these, 230 are custodians at the 130 manned sites among the 400 monuments in the care of English Heritage of which most are open to the public, the "properties in care."

A further 475 constitute the direct labour force, which is employed primarily to maintain the fabric of these monuments, most of which are roofless ruins and require regular monitoring and maintenance in order to arrest physical decay as far as possible.

Of the remaining 800 staff, about 400 constitute the academic and technical experts who are at the heart of the whole organisation. These include archaeologists, architects, inspectors, historians, curators and scientists, most of whom are engaged in some aspect of English Heritage's conservation activities. Parallel to these, and in effect backing them up, are an equal number of administrators without whom the "professionals" would be unable to function. Finally there are about 120 staff who deal with "office services," payroll, etc: the only members of the organisation who have no direct involvement with the protection of historic buildings and sites.

The policy of English Heritage is directed by a series of committees, at the head of which is the Commission itself, directing strategic policy. It is true, as John Martin Robinson says, that there is only a small minority of "professionals" among the 13 commissioners.

He mentions the one conservation architect and the one architectural historian, both of whom are shortly to be replaced by another architect and another historian; however, he omits Prof Barry Cunliffe, who speaks powerfully on the commission for the interests of archaeology.

But it is on the advisory committees that the architects, the historians, the archaeologists and the planners are to be found. There are advisory committees for historic (secular) buildings, churches, historic areas and ancient monuments, and other sub-committees. Each committee has about 10 members, chosen for their national repute, proud to serve for expenses only and jealous of their right to speak their mind in committee.

John Martin Robinson's account of what happens at advisory committee meetings is a ludicrous caricature. The great majority of the members of the Historic Buildings Council and Ancient Monuments Board of pre-1984 days continued to serve on English Heritage committees, and the criteria whereby new members have been chosen over the last five years are very similar to those which applied under the previous system, with academic architectural historians and archaeologists continuing to preponderate. It would be hard to point to any lowering of standards in this area.

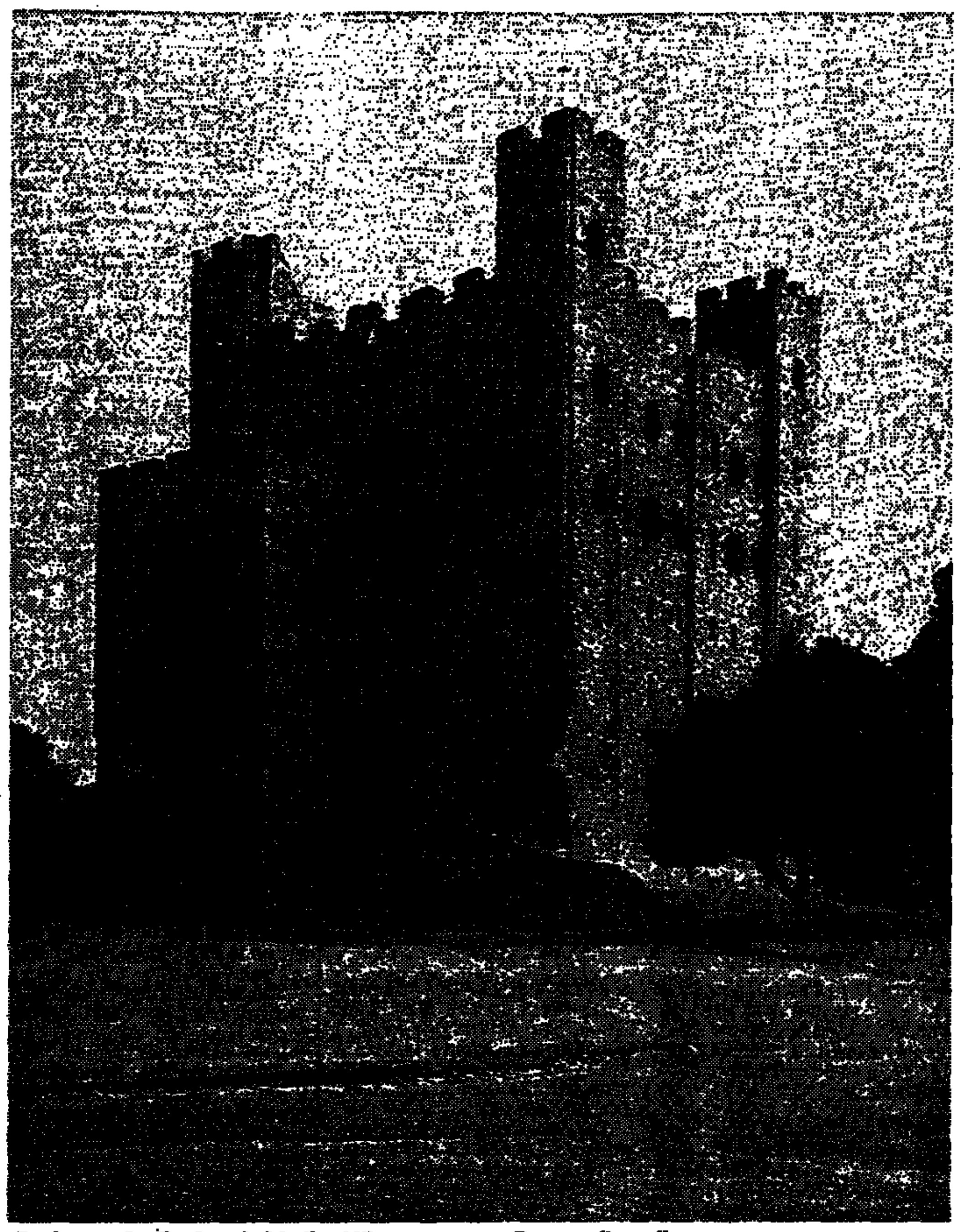
Viewed against this background the Heritage Sponsorship Division within the Department of the Environment is small indeed, 40 staff in all, half of whom handle the administrative mechanics of listing buildings. The HSD is in no sense an "alternative agency" and does not aspire to be one. Its existence is due to Parliament's decision, taken at the outset, that the Environment Secretary should continue to be the *final* arbiter of issues concerning statutory protection of *buildings and monuments*, with English Heritage *as* his professional adviser.

Whether or not this is a cumbersome duplication of functions – as the 1987 Parliamentary Select Committee on the Environment believed – English Heritage simply has to accept it. Its advantage is that it allows English Heritage to ignore all purely political considerations when giving its advice – leaving those entirely to the secretary of state.

English Heritage has a formidable range of functions to fulfil. On the "properties in care" side it cares for 400 monuments ranging from Stonehenge to Osborne House, including many of the country's ruined abbeys, coastal forts and castles. It is also committed to making them more accessible to the public. Visitor numbers at the monuments have risen from nearly 4m in 1984-5 to nearly 5m in 1988-9, and admissions income has risen from £1.8m to £3.3m. Shops have been opened at many monuments, *leading to* an increase in sales of guide books and souvenirs from £650,000 to £1.8m a year.

Total income has risen from £2.5m *to £6.3m. This increase* in commercial activity has gone hand in hand with an improvement in the quality of service offered to visitors at many sites. The multifarious historical displays and entertainments put on at English Heritage sites all over the country are aimed at increasing public awareness and enjoyment of English history.

Much effort has also gone into making monuments more educationally valuable, and to this end historical re-enactments are as important as school teachers' study packs. But obviously it would be unacceptable if these events were to damage the monuments themselves. Trampled grass is one thing, chipped stonework quite another. John Martin Robinson's photograph purporting to illustrate the havoc wrought by an English Heritage event shows nothing more damaging than a plank, a paper bag and a coke can lying



Rochester Castle: founded in the 11th century on a Roman city wall

article show. If, as he notes, listed buildings all over the country are being disfigured by replacement doors and windows, this is due to a lack of will by local authorities to use their powers.

However, the small number of cases recommended for call-in for decision by the Secretary of State gives a false impression, for many more cases are the subject of negotiations by English Heritage officers, who are constantly giving advice to local authority planners and conservation officers. Cases recommended for call-in are those recommended by officers and advisory committees as raising important issues of principle, and where the inspector's decision after a *public inquiry will give useful* guidelines in dealing with future cases.

Brick-built Sibsey Trader Windmill in Lincolnshire

On the "conservation" side, listing (of historic buildings) and scheduling (of archaeological sites) form the basis of the work. Since 1984 *the accelerated* resurvey of listed buildings, set in motion by Michael Heseltine when Secretary of State, has been virtually completed. The number of items protected by listing has risen from about 315,000 to about 430,000.

The criticism that the exact number of listed buildings is not known is a fair one. It is still more disappointing that the lists are not yet computerised,so that it is impossible to analyse listed buildings by type, date, distribution or in any of the other ways which would give a more accurate impression of the stock of listed buildings. The decision and the funding for this lie with the DoE.

Applications to alter or demolish listed buildings are processed by local authorities. Except in London (where the powers are different) only Grade I and II buildings come to English Heritage itself, and these all but swamp the staff available to deal with them, as the figures in Robinson's

Here, too, English Heritage is in the business of education. This is why, when Nicholas Ridley last June allowed Peter Palumbo to redevelop the No.1 Poultry Site, contrary to the current planning circular 8/87, English Heritage went so far as to write to all local authority planning departments throughout the country stating that in its view this decision should not create a precedent.

Scheduling of ancient monuments is lagging behind listing. At present only about 13,000 archaeological sites are scheduled, though it is estimated that up to 60,000 sites ought to be. The Monuments Protection Programme, started in 1986 and funded without additional aid from the DoE, is intended to extend the protection given by scheduling to all these sites. In order to make the system work, English Heritage has occasionally to prosecute people who damage monuments; about a dozen cases a year arise.

But call-ins and prosecutions are in the end mere fire-fighting, hitting back at the most flagrant and untypical transgressors. What most owners of historic buildings and monuments need is good advice which will help them to reconcile as far as possible their own requirements with the preservation of that part of the nation's heritage they happen to own.

The dissemination of authoritative advice about the best methods of repair and conservation should be one of English Heritage's central functions. Its Ancient Monuments Laboratory contains a group of experts probably unrivalled in the country. The five volumes of *Practical Building Conservation* edited by John and Nicola Ashurst, published last year, are the most ambitious publication so far, and Christopher Brereton's work, *Advice Notes on Repair Philosophy and Methods*, will be published in 1990. But there is much more to do in this area in making expert knowledge available in a form that can be understood and applied by the public.

English Heritage can also campaign, in a way that the old Historic Buildings Council and Ancient Monuments Board within the DoE never could. In 1989 alone it has taken a very public stance on such controversial issues as the Rose Theatre, Avebury Manor, and the proposed development of King's Cross Station. Inevitably, not everyone will agree with the stance it has taken – at the Rose, some will say, demanding too little, at King's Cross demanding too much – but at least it has shaken off the bureaucratic vice of secrecy.

The largest single element in English Heritage's budget is the making of grants. This was a well-established activity of the *Department long* before English Heritage was set up; but over the last five years considerable changes of emphasis have taken place.

One of the most dramatic is the success with which grants for the excavation of sites threatened with redevelopment have been used to attract developer funding. English Heritage's £5m a year attracts £14m a year from developers. Grants for historic buildings and in historic areas are increasingly seen as inducements to owners to put in hand conservation work at which they would otherwise baulk.

A great effort is being made to assess the number of seriously neglected listed buildings, and a new grant scheme devised to enable temporary repairs to be put in hand so that important buildings at risk can be stabilised, thus enabling long-term plans for their future to be worked out. At present this grant scheme is in its infancy, but it shows the way the Commission wants to move, away from the traditional grant-aiding of basically healthy buildings in the hands of owners committed to their care and towards the more intractable ones whose future has become precarious.

Even so, it is calculated that at present the £23m of historic building and historic area grants paid out each year is helping to release six times that amount in other investment in the buildings.

So English Heritage is involved in a multiplicity of different activities all aimed in their different ways at the preservation and enhancement of the nation's heritage of historic buildings and archaeological sites. Does it make sense for one organisation to operate on so many fronts at once, or would it be better to split it up, as John Martin Robinson suggests?

It is hard to answer this question realistically since the alternatives proposed in the article have not been thought through at all. John Martin Robinson suggests that a "genuinely independent commercial body" should look after properties in care, allowing "unfettered marketing for tourism," yet earlier in his article he expresses distaste for any "trivialisation of the monuments.

On listing he is wrong to say that it is already done by the Heritage Sponsorship Division; the ground work is done by English Heritage and ratified, with very rare variations, by the DoE. That is why English Heritage has an army of inspectors and the Heritage Sponsorship Division at the DoE is no more than a small group of administrators.

As for grants, he advocates concentrating them exclusively on churches. That would be manifestly unacceptable to the public and again the bodies he suggests to administer the grants would have to take on all the staff whose presence he so much deplores in English Heritage.

It is when he comes to the London division that his true preferences become clear. John Martin Robinson used to work for the London division of English Heritage, and before that for the Greater London Council historic buildings division.

This latter was a proud organisation with extremely high standards in many areas and with the great strength of local authority powers in addition to its strategic role. In recommending that the London division be returned to the GLC's successor body, he shows what he really wants: he wants to put the clock back.

Over the past five years, English Heritage has, partly consciously and partly unconsciously,developed a philosophy which does justify the spread and variety of its activities. In everything it does, in protecting and conserving, in grant-aiding and advising, by its campaigns and by its events at monuments, it is engaged in educating the public to respect its archaeological and architectural heritage.

Respect involves protection, but it can and should also lead to enlightenment and enjoyment. The "conservation movement" has come a long way over the past 20 years, and English Heritage is now undoubtedly one of its principal guides.

■ *John Newman was a member of the Historic Buildings Council from 1977 to 1984, and is a Commissioner of English Heritage.*

Gardening

Any colour you like, so long as it's white

Robin Lane Fox urges a return to basics in white plantings

IT HAS been a year for brown gardening, not white gardening. Pale-flowered plantings have been sun-burned and all those imitations of Sissinghurst have not looked their best. Is it time that English gardeners realised there was more to life than WASPS (White And Smelly Planting Schemes), and it would not surprise one of my shrewdest gardening friends if they did.

In his view, gardeners discovered perfection when they began to segregate white flowers against green leaves during the 1880s. Like most people who have tasted paradise, gardeners (he thinks) have been trying to ignore it ever since. They simply refuse to believe that they are happy heirs to a style which they cannot improve. Borders of pinks, purples and yellows, variegated leaves and multi-coloured grasses seem to him to be about as sensible as a holiday in Portugal if you love painting: why bother, when you could be in Italy instead? As for the new galaxy Achilleas, their rose-pinks, buff-yellows and shades of cerise are a sort of self-inflicted Torremolinos.

The WASPS' paradise does have *its charms. Many of those* white flowers do smell particularly sweet in the early morning and evening; they look enchanting at hours when the *busy world is hushed* and the working person walks in the garden; they do combine most charmingly with a plain honest green. Doubters like to reply *that they are mid-summer* wonders: what happens when all that giant sea-kale has died in the home counties and the owners are left with a bare patch in late July? Perhaps they head off to Tuscany. Actually, the doubters are wrong. White nights do not cease with the last of the orange blossom. I will prove it by drawing together my observations in bone-dry gardens during the past six weeks.

For a start, I would use scrambling white-flowered climbers up tripods of bamboo canes or over low mounds of pea-sticks. They give height in the later months: the white-flowered viticella Clematis Alba Luxurians is admirable, as you can verify at Sissinghurst. I would also grow the white-flowered climbing potato-flower (Solanum jasminoides Alba) through a sheltered, *south-facing green hedge.* (It does not mind being dry at the roots or competing with other plants' branches.) I would also find space for mounds of the white everlasting pea. Lathyrus latifolius White Pearl is the one to watch for: it flowers for months, is not impossibly untidy and lasts from one year to the next. You can grow it from seed (Thompson and Morgan of Ipswich) or buy young *plants in the spring.*

As for shrubs, I would sneak in the cream-white plumes of flower on that lovely privet, Ligustrum quihoui (which has flourished in this dry summer). If I keep on writing about it, perhaps more nurseries will sell it. On acid soils, an alternative or companion would be the spikes of white flower on a Clethra.

There ought to be some hydrangeas, but they have hated this summer and even in their *happy home at* Hidcote,

the lovely lace caps have looked wretched. I would always include plants of White Wave, the round-headed Mme E. Mouilliere. Several other species are good including Hydrangea Arborescens: my newly-planted Annabelle is clinging on and flowering, without water for two months.

White flowered buddleias are a bit too coarse unless you choose one with grey leaves, perhaps sallowiana alba, the hardiest. The grey-leaved Californian Tree Poppy is essential with its great open flowers and yellow centres. The White Cloud form was supposed to be free-flowering and Hilliers still sell the real thing. However, experts are not so sure about it and the trade has sometimes stretched the name to cover lesser varieties.

Among the straightforward border-plants, it is quite evident that you should go for quality. This truth came home to me last month in a white-flowered enclosure at Tintinhull. *It was full of first-class* white Japanese Anemones (be patient for the first three years), masses of white-flowered agapanthus and some grey-leaved perennial stocks. I would add the enchanting *white penstemon Snowstorm* which is more hardy than not.

The ones to avoid are the coarse green-leaved fillers which have spikes of off-white flower. *Artemisia lactiflora* sums them up, a truly August plant which looks off-white and off-peak in smart company. White Galega is also too leafy, although the long bottle-brushes of flower on the Cimicifuga are better because they are not encumbered with plain foliage. I have a soft spot for the *tall white Veronica virginica alba* which is now available again from nurseries such as Hopleys at Much Hadham, Herts. It looked wretched this *summer in dry weather, but it* does stand up to six feet or so in more usual conditions.

The white mallow, Lavatera Barnsley, was bred in paradise, *but it is not, I think, a natural* in all-white company as it is tinged with too much pink. White hollyhocks are better value together with the very *clear white of the wild Malva* moschata alba. Be warned against white Epilobium which is spreading through nursery lists as fast as it runs through a *garden's borders.*

In the front row, I would prefer the best white-flowered hosta (Plantaginea) It has fresh green leaves and scented white bells of flower, but *it is not to* be judged in this dry weather, which it hates. White lilies (Speciosum album, above all), white cactus-flowered dahlias and *white Summer hyacinths* (Galtonias) are available from most bulb catalogues and will cover a multitude of gaps.

Lastly, what about the roses? *It is absurd to look down on a* variety because everybody grows it. In two gardens, I was captivated by the August performance of groups of the unstoppable rose Iceberg which was flowering for a second time in beds of segregated white against green hedges. Why not try Pascali, you may wonder, or even an ice-white Virgo? They simply do not perform as well and I think you are merely confirming my shrewd friend's observations. Having found the best, we try to ignore it: the all-white prin*ciple is summed up in all-white* Iceberg and it refutes the view that white planting has had it before the summer itself has peaked.

A society worth saving

MOST HORTICULTURAL societies and clubs are aimed at adults but there are a few exceptions, *one of the most* notable being the London Children's Flower Society.

This was started after the Second World War as an off*shoot from the London Garden* Society, which had been founded long before but had been inactive during the war years. In 1945 it was reactivated – *thanks mainly* to the enthusiasm of one Helen Nussey – and it was at one of its early meetings that a Mrs Alice Street talked of the lack *of opportunity for many London* children to engage in any form of gardening.

Alice Street made a very simple suggestion. Organise a *daffodil competition, she said,* open to all the schoolchildren of London, one in which the bulbs would be grown in pots – if necessary on a window ledge – or *standing* in any space available where there was good light.

Make it easy for the children by giving them the bulbs and also short, simply-worded instructions for growing them, and get skilled volunteers from the public parks, horticultural societies and other places to come and judge them free of charge. Give the children medallions, certificates and other proof of their achievements and encourage *the schools to participate* by awarding them points based on the success of their pupils, with prizes to mark these corporate achievements.

And so the London Flower Lovers League was born. For *many years* it was run from Alice Street's own home, with her as chairman and Helen Nussey as organiser. When Street died in 1966 an office had to be found, but expenses were still kept to a minimum *and plenty of voluntary* helpers were available.

They needed to be, for the scheme grew far beyond anything Street is likely to have thought likely at the outset. As many as 100,000 daffodil *bulbs could* be required each autumn to meet the demand from several hundred schools. Soon there were requests for a summer competition to follow the daffodils and this was met by offering the children seed of easily-grown annuals.

At first the number of varieties was restricted to two: nasturtiums and candy tufts, chosen because they could be germinated reliably without any artificial heat and could be grown successfully almost anywhere. Of course, it was not enough; *nothing ever is in* gardening, which grows naturally because of the enthusiasm it generates. Two more hardy annual were added: annual alyssum *and godetia*, also easy and reliable and, like the first two, certain to flower during the school summer term.

Further expansion of the work of the society came when many schools wished to have some recognition for their gardens, and so a competition was *arranged for these. Not all the* London schools had gardens but the very fact that there were now tangible rewards for such enterprise encouraged them to look for waste land which could be cultivated, or to work wonders with plants grown in tubs, boxes and other containers.

In 1967 the league was registered as a charity and in 1975 its name was changed to the London Children's Flower Society. Quite early in its existence the Queen Mother had become deeply interested in its work; as a result the highest award that can be won by a school garden is now the *Queen Elizabeth Cup.* Indeed, when the Queen Mother visits the gardens of the London Gardens Society, as she likes to do each summer, she always finds time to see *one of the* school gardens.

The London Children's Flower Society is now entering its 45th year and during that period has flourished without any major alarms. Now, for the first time, *its very* existence seems to be threatened. The Inner London Education Authority (ILEA) has for long been one of its major sources of finance and in recent years has granted it annual sums of around £11,000. But ILEA comes to an end next March in a government reorganisation, and there will be no more money from it after that.

The 1990 activities seem to be assured since the daffodil bulbs, all 70,000 of them, have already been despatched to the 450 schools taking part in the spring competition. Arrangements are also complete for despatch of seeds to the 250 *schools in the summer* competition. The school gardens competition does not involve a lot of cash since all the judging is done for the love of it, *and the cups and other* trophies are there to be won time and time again.

But who will pay the bills for 1991 and thereafter, and *also the salaries of the small,* part-time staff? It is unthinkable that the society should be allowed to drop out of existence simply because no-one *has noticed what is happening.* There must be many companies and other organisations which would be glad to support it, both because it is so *worthy and because* they would gain quite a lot of prestige for themselves.

What is needed is either an annual donation of the kind that ILEA used to make or, better still, a modest endowment that would ensure a basic annual income of between £12,000 and £15,000. It is a small sum to ensure the continuing enjoyment in gardening of around 100,000 children.

Arthur Hellyer

Is there life beyond the fringe?

***Paul Abrahams** wonders what influence he can bring to bear on demon barbers*

ON THE whole, the philosophical case for free will seems fairly strong. But, somehow, within the geographical context of a barber's chair determinism takes control.

The problem is that when seated in front of a mirror with a large bib tied around my neck, there appears to be no mechanism for controlling what is about to happen – certainly, not how I'm going to look for the next three weeks before the cut grows out. Indeed, any attempt to influence the outcome of this bi-monthly and unenjoyable event seems to have an adverse effect – the result seems to be worse than if nothing had been said.

The whole unpleasant experience is made all the more traumatic by having to stare at oneself in various states of bedragglement for at least half-an-hour. If possible, I spend as little time as I need in front of the mirror in the morning. While having a haircut, however, there is no alternative. The office-induced air-conditioned pallor is all too apparent and the lines that used to appear only during particularly bad hangovers are starting to look permanent.

Colleagues who wear glasses tell me that they, at least, avoid this sort of unpleasant self-examination by removing their spectacles before the ordeal. But the disadvantage of doing this is that they then have no idea what is happening until the cut is finished. If you can see, at least the shock is spaced over a period of time rather than concentrated in one horrendous moment.

Given the apparent impossibility of influencing the outcome of this unpleasant event, the necessity of choosing a good barber should be of paramount importance. But gone, alas, are the student days when a £2.50 cut would suffice. The experience wasn't necessarily always agreeable but there was an air of familiarity about it. After the cut, the barber would always ask if something was required for the weekend. (He would even do this on Mondays, obviously thinking students planned these things well in advance – and this was well before condoms became fashionable).

Admittedly, for £2.50 the cuts were not of the highest calibre. There was one barber – truly of the old school – who claimed that one cut was much like another. The only one that was really different, he said, was the Tony Curtis cut. There had never been anything like it before, nor anything since.

Certainly, no haircut resembled any other. Part of the reason for this might have been that there was no distinct style for students to adopt early in the 1980s. *Chariots of Fire*, *Brideshead Revisited*, *The Sloane Rangers' Handbook* and the *Falklands* were only just beginning to make a mark. The shorter cuts associated with tweed jackets and brogues were not as prevalent as they were to be later.

Now, however, the pigtails, enormous fringes and shoulder-length hair of the late 1970s and early '80s mostly have been abandoned for cuts of which my father could be proud. Short back and sides have had their revenge.

In the quest for this new but classic cut, and the traditional but reliable barber, a nine-month experiment was undertaken involving a visit to four very different practitioners.

The first cut was received at *Atlas Associates where I paid* (on expenses, I hope) £22 – more than twice what I had ever paid before. Richard Stepney, who did the job, explained that men are spending increasing amounts on clothes but still seem to stint themselves on their haircuts. "The first thing you notice about somebody is their head," he said. "The haircut is an important part of image; and yet, most men are willing to risk a bad one which will show all too obviously for weeks. What we offer is consistency - we have no juniors - and the possibility of good, but understated, haircuts."

This sounded good news and the cut looked pretty good to my untutored eye. It also seemed to grow out quite well, too. Others were less sure, though. One of the other unpleasant aspect of haircuts is the way the ultimate judges, your colleagues at work, insist on commenting. They decided the cut made me look like an extra from the film *Wall Street*. The money spent at Atlas Associates gave me, they said, *the sculptured look of a Ronald Reagan*. Most were also horrified at the idea of spending so much on a single cut. The prices they quoted as being reasonable ranged from £6 on London's Hackney Road to £9.50 in the City or West End.

Deciding to forsake Hackney Road, I set off instead to Hackett, situated in the new Moss Bros clothing store in Covent Garden. Don Hart, who runs it, explained that it is a traditional barber-shop. Traditional this £8 hair-cut certainly was – right down to sharpening the cut-throat razor on a long piece of leather before it was applied to my neck. I haven't seen such panache outside a western film. Complaining that the previous cut was uneven, Don proceeded to give me what he described as a "perfect" cut. To me, it appeared identical to his own.

Eight weeks later I set off to Khops, founded in 1945 and the oldest-established barber in the City of London. Khops has an international clientele – *the staff have even picked up* some Japanese hair-dressing terms – and is also one of the favourite locations for employees of the *Financial Times*. Indeed, one of the more senior journalists at the newspaper receives a 20-minute shave there every morning while being serenaded by classical music, usually Mendelssohn.

Proprietor Lionel Lee, and the rest of his team, disagreed with the premise that it was impossible to influence a haircut. Many customers had definite views of how they wanted their hair, he said. Without dissenting, but without giving precise instructions, I asked for something practical and was given a "club cut," a classical shape, which, Lionel explained, could be washed, combed and left and needed little attention. It cost £9.50.

The experience was accompanied by the usual razor at the back of the neck and liberal lashings of eau de cologne which, apparently, is a traditional "friction." Its main impact was to offer a nasal souvenir of the visit during the rest of the day when downwind of myself. Thankfully, another traditional friction, Bay Rum, was not used.

In fact, the Khops' cut looked pretty good to me, particularly at the back (although I'm not the best judge because I look at it only every eight weeks or so when I go to the barber). "Hair is an important factor in looking neat," said Lionel. "There's no point spending money on shirts, ties and suits and then spoiling the effect with a bad hair-cut. It can wreck an otherwise good impression."

That, I thought, was the quote with which to end the piece. Unfortunately, the *Weekend FT* editor had other ideas. He decided he wanted to compare these up-market cuts with a cheap and cheerful cut from somewhere in the East End. Given the state of his locks, I suggested he should endure a cheap and cheerful cut somewhere in the East End himself, but he declined.

On the advice of a colleague, who goes there all the time, I went to Mick's, deep in Docklands and just around the corner from the New City Sauna, the Hollywood Sun Centre and the Mile End Road Tube station. Even though it was only 4pm, there were grilles on all the windows. The decor was less than spotless and Capital Radio was playing in the foreground. Mick's son, Con, cut my hair – Mick himself was on holiday in Cyprus – and decided he would give me a style to go with my suit.

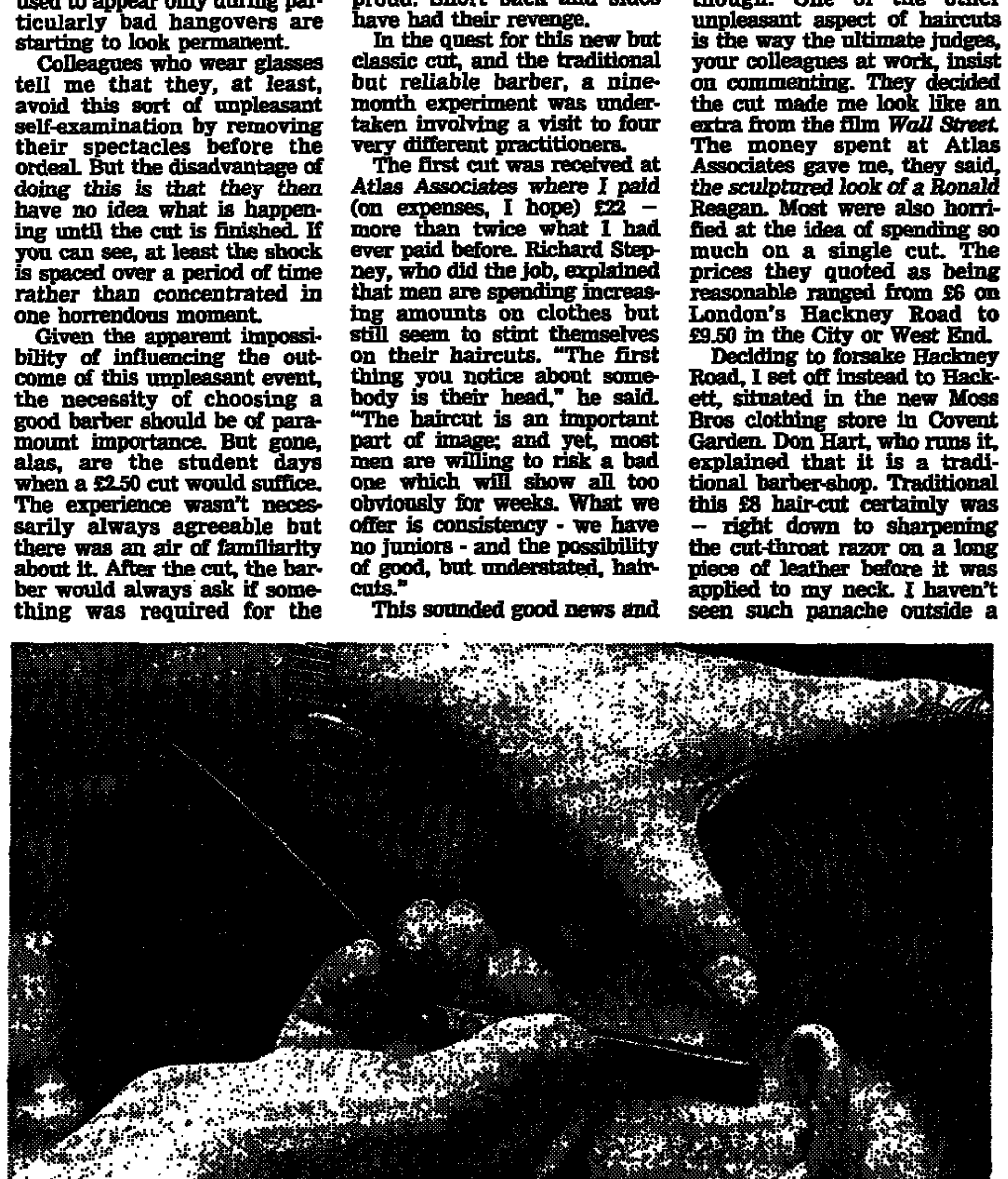
Out came the electric clippers and he set to work. The length of hair falling on to my lap was alarming; I hadn't realised my hair had grown that long. Then I looked into the mirror and realised that, to all intents and purposes, it hadn't. It would be the shortest cut I'd ever had.

Next came the scissors. These were thrust up my nostrils to trim the excess hair there. Then the traditional razor blade was brought into action and scrapped down the back of my neck. I closed my eyes and promised to buy myself a new suit. By the time I opened them, the ordeal was over. And, to be fair, Con had done a good job. A little shorter than the others, but certainly a great deal cheaper. The final price was £6.

How significant, then, was the barber to the quality of the cut? One colleague decided that all the ones I'd had looked pretty similar – and then added she hadn't liked any of them. I'm inclined to agree. In the end, when you pay a barber it seems that you are paying for the location, rent and rates rather than the quality of what you get. No matter the bill, you still have little influence over the final result.

■ Atlas Associates, top floor, 4 Northington Street, WC1, tel. 01-405-6011; Hackett, 27 King Street, WC2, tel. 01-497-8383; Khops, 42 Bow Lane, EC4, tel. 01-248-7364; Mick's, 94 Hamlets Way, E3, tel. 01-980-1333.

Paul Abrahams braces himself for the barber's blade — Tony Andrews



The deed is done — Tony Andrews

Harry Ramsden's: the plaice to be seen

***Angela Wigglesworth** sniffs out a British institution*

IN 1928 Harry Ramsden, aged 42 and a successful fish fryer in Bradford, West Yorkshire, was advised to move to the country for the sake of his wife's health. He borrowed £150 and built a small wooden hut by the tram terminus in Guiseley, 10 miles north of Leeds, in which to carry on his trade.

His reputation for delicious fish and chips spread and in 1931 he borrowed £8,000 from his suppliers, bought a 2.4-acre site across the road and five years later opened the "largest and most magnificent fish and chip emporium in the land." Today, this "emporium," which includes an adjoining take-away and can seat 168 people, serves about 1m customers a year and is in the *Guinness Book of Records* as "the world's largest fish and chip restaurant." Next month, it is due to raise £4m on the Third Market.

"It is unique," says Pam Harland, the assistant manager. "People think they're coming to a fish and chip café and find it's a restaurant with chandeliers, oak panelling, stained glass windows and monogrammed carpet.

"It's very traditional – I think that is what appeals to people. *And the fish is fried in* beef dripping, which gives it a different taste altogether from oil. Northerners do like their beef dripping but southerners must like it, too, because we get so many here and they say it's wonderful."

The restaurant is open from 11.30am to 11.30pm. At Sunday lunch-times in summer, the queue stretches round the building to the necessarily huge car park, for Ramsden's position between Bradford and Harrogate puts it on the tourist map. "They go to where *Emmerdale Farm* (a television soap opera) is filmed just down the road," says Pam, "come to Harry Ramsden's, and then go on to the Brontë country. Last Bank Holiday, we had 27 coaches in one day."

There are nine waitresses on duty during any one shift. They wear neat black dresses with white aprons and white black-ribboned caps although Joyce Haynes, who is retiring next year after 34 years, remembers when she wore a royal blue and white uniform to match the blue carpet and table-cloths.

On July 7 1952, Harry Ramsden celebrated his 21 years on the same site by selling fish and chips at the 1912 cost of a penny halfpenny, the price it was when he first began business in Bradford. Around 10,000 turned up. That record was beaten last year when, to celebrate its 60th anniversary, fish and chips were served at the 1928 price, equivalent to 2p a portion.

Customers were different in the early days, Joyce said. "They didn't mind sharing a table (as some do now because they object to smokers) and a lot of people used to *come in* regularly.

"If they weren't in at a certain time, you knew something must be wrong. At week-ends it was more like a country club. We'd get couples getting to know each other here and then going on holiday together."

She remembers Harry Ramsden well. "He'd come into the frying area, rub a scrap of batter together in his finger tips and say 'there's something short on that.' It would probably be the salt and he knew it wasn't right just by feeling it."

"He had two pair of trousers for every suit," said deputy manager Chris Booth, "because he was forever dropping his cigarette and burning a hole in his pants. He'd never miss a trick, though, even down to the soap, which would be ordered in particular size tubs because they were ideal for keeping the chips in afterwards. Nothing went to waste."

Harry Ramsden retired in 1954 (*he died nine years later*) and leased the business to his manager, Eddie Stokes, who put in the glass chandeliers and replaced the linoleum with wall-to-wall carpeting. In 1965 it was sold to Associated Fisheries and last year acquired by Merryweather, a private company established in 1985 to restore traditional high quality standards to fish and chips.

Queuers at Harry Ramsden's don't seem to mind queueing – at least not when the sun is shining. Many had come from miles away to be there. Everything on the brown and white table cloths has the Harry Ramsden label: there is Harry's Yorkshire Ale, Harry's sauce, Harry's own-label tea . . . For £5.45p you can have an extremely large portion of haddock with chips, bread and butter, mushy (or garden) peas and a choice of tea, coffee or soft drink. Steamed ginger pudding and apple pie and custard are £1.25. Each year customers tuck in to 500 stones of fish, (which hasn't yet gone metric), £500,000 of potatoes and 32,000 bottles of sauce.

There is no question of the new public company diversifying into beefburgers and pizzas. Its chairman, John Barnes, formerly managing director of Kentucky Fried Chicken (Great Britain and Ireland), and its non-executive president, Carol Merryweather, a co-founder of the Merryweather group and in the fish and chips business for over 40 years, both feel that it's fish that makes Harry Ramsden special.

However, there will be changes. They plan to build a Theatre Bar with live entertainment, a childrens' area in one of the on-site houses, and to restore Harry Ramsden's own house behind the restaurant into the kind of home it was when he and his wife, a former waitress, lived there.

They hope to cut the queues by enlarging the restaurant to provide an extra 70 places. On a grander scale, Harry Ramsden will be spreading its wings with branches opening in Blackpool (1990), Glasgow, London and Birmingham and through franchises in New Zealand, Australia and Singapore.

Singapore businessmen have already had their appetites whetted. Three years ago, when Singapore Airlines opened a direct route to Manchester and wanted to show some of the pleasures of the North of England, they invited Harry Ramsden's to give them a taste of fish and chips. John Carter, the senior fryer at Guiseley, flew out to Singapore for a fortnight and, using a wok, fried away in the Hyatt Hotel, to much approbation.

"Fish and chips is the one thing that is really British," says Carol Merryweather. "It is our heritage, and today more people eat it than any other types of food put together."

Wine

Purses follow palates

TO LISTEN to the Bordelais, you would believe that every vineyard in the Gironde was about to be sold *either* to French institutional investors or, even worse, to foreign (notably Japanese) groups. These fears should be calmed somewhat by the full list of chateaux sales over the past few years assembled for the first time by the leading French wine magazine, *L'Amateur de Bordeaux*. These show that only 14 major chateaux have changed hands in the past four years.

The *Amateur* also quotes figures provided by the Conseil Interprofessional du Vin de Bordeaux showing that, in an average year, only 1 per cent of the 250,000 acres of vines in the Gironde change hands, that most of the transactions are small, and that the major estates sold last year added up to only 600 acres.

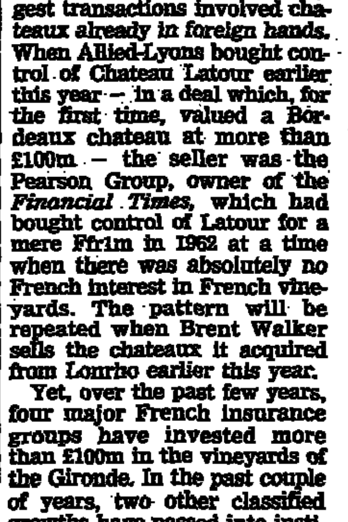
Moreover, some of the biggest transactions involved chateaux already in foreign hands. When Allied-Lyons bought control of Chateau Latour earlier this year – in a deal which, for the first time, valued a Bordeaux chateau at more than £100m – the seller was the Pearson Group, owner of the *Financial Times*, which had bought control of Latour for a mere Ffr1m in 1962 at a time when there was absolutely no French interest in French vineyards. The pattern will be repeated when Brent Walker sells the chateaux it acquired from Lonrho earlier this year.

Yet, over the past few years, four major French insurance groups have invested more than £100m in the vineyards of the Gironde. In the past couple of years, two other classified growths have passed into institutional hands: Cantenac Brown has been bought by the Compagnie du Midi while the Garantie Mutuelle des Fonctionnaires (GMF) has bought control of Beychevelle.

Other major deals include the £20m sale of the Medoc's single largest estate, Chateau Larose-Trintaudon, with 420 acres of vines, to the Assurances Generales de France, the country's second-largest insurance company; while the GMF (which, as its name implies, looks after the pensions of most of France's civil servants) has bought another major estate, Chateau Beaumont, with 370 acres of vines, just south of Beychevelle.

The biggest single purchase came in May 1988 when Axa paid £27m for the second-growth Pichon-Longueville-Baron, now renamed simply Pichon-Longueville. "Since none of us has more than 0.2 per cent of our assets invested in vineyards," said one investment manager, "the scope for further investment is enormous." But the deal that really rocked Bordeaux this summer was the sale to Axa of Chateau Petit Village in Pomerol by the closely-knit Prats family, owner of Cos D'Estournel which makes some of the finest wine in the Medoc. If the Prats were selling, what family property was safe?

Outside investment in Bordeaux's vineyards is, of course, nothing new. The Medoc, formerly a wasteland of scrub, was developed into a major vineyard region in the 18th century by the "Parlementaires," the legal aristocracy of



Bordeaux who were looking for profitable property investments. In the third quarter of the 19th century, a number of leading French bankers bought major properties, but interest then lapsed until the 1980s.

In 1936, American banker Clarence Dillon was offered virtually every major vineyard in the Gironde and bought Haut Brion, mainly because it was the Grand Cru nearest to Bordeaux (it was a rainy day and he didn't have much time to spare). Forty-five years later, his daughter, now the Duchesse de Mouchy, paid £2m an acre for the neighbouring estate of La Mission Haut Brion. But native French investors stayed on the sidelines. As late as 1976, when Margaux was for sale, it was left to a Greek entrepreneur, Andre Mentzelopoulos, to secure the bargain of the decade by buying the estate for £7.7m – more than £2m of which he recouped immediately by selling off the three vintages then stored there.

So, Mentzelopoulos paid roughly £75,000 an acre for Margaux. This was a *mere* 14th of the price Allied-Lyons paid for Latour – although strictly, neither of these deals is comparable. Margaux required investment equivalent to the purchase price, and Latour had followed a policy of retaining far larger stocks than any other major chateau.

The institutions are likely to prove a useful block to foreign attempts to buy up the Gironde, although the Japanese already own four major chateaux and recently have taken a minority stake in GMF's vineyards. Nevertheless, they are wary of pushing up prices: one major estate in Sauternes, Chateau Guiraud, has been on the market for a couple of years but the price set by its owner, Hamilton Narby, son of a Canadian-born ship-owner, has proved too high.

In general, however, the institutions see these vineyards as an excellent long-term investment. Axa expects an initial yield of 6 per cent on Pichon-Longueville, double that available on luxury blocks of flats in central Paris (in Axa's eyes, the only equivalent to a major estate).

Claude Bebear, the chairman of Axa, himself comes from Bordeaux and is well-equipped to understand the problems posed by institutional investment in vineyards. He reasons that of the £27m paid for Pichon-Longueville, £17.7m was for the 85 hectares planted already (around £200,000 an acre, only half the going rate for prime vineyard land in Burgundy). The 15 unplanted hectares cost just £150,000 an acre, the rest of the purchase price being accounted-for by the stocks and the chateau itself, which Axa is re-furbishing to use as a corporate hospitality centre. (It is also planning an ambitious wine museum).

Axa has established a separate company, Axa-Millesime, to run its vineyards. It recognises that it requires specialists and has appointed Jean-Michel Cazes as manager of Axa-Millesime. His family owns Chateau Lynch-Bages and Cazes, one of the most respected figures in Bordeaux, is a school friend of Bebear. He, like his colleagues in other insurance companies – and, indeed, the rest of the French bourgeoisie – have increased greatly their purchases of fine claret since the slump of the mid-1970s. Perhaps their purses are simply following their palates.

Nicholas Faith

Bridge

MY FIRST hand today comes from rubber bridge. Let us *study True Avoidance*:

N
♠ K J 6 2
♥ J 9 6
♦ A K J 5
♣ 8 2

W
♠ Q 4
♥ A Q 3
♦ 8 7 4
♣ J 9 6 4 3

E
♠ A 10 9 8 7 3
♥ 2
♦ Q 10 9 3
♣ Q 10

S
♠ 5
♥ K 10 8 7 5 4
♦ 6 2
♣ A K 7 5

North dealt at a love score and opened the bidding with one diamond. East over-called with one spade and South said two hearts. North raised to three hearts and South's four hearts ended the auction.

West's opening lead was the spade queen. The declarer covered with dummy's king, the ace took, and East's trump return allowed West to cash queen and ace and follow with a third heart to the knave.

Discarding one club on the spade knave, South crossed to hand with a spade ruff and finessed the knave of diamonds. The queen won and the contract was lost.

Let us replay the hand. Realising the danger of a trump return from East, we allow the spade queen to hold. This is what I call True Avoidance. It does not prevent East from obtaining the lead but it makes him pay too high a price for the privilege.

West switches to the four of clubs, we cash ace and king and ruff a club with the six of hearts. East cannot overruff – it would not hurt us if he could – and we return the king of spades from dummy. East covers, we ruff in hand and lead our last club, and West is helpless.

We concede two hearts but the contract is made. If East overtakes the spade queen in order to lead a heart, he sets up *two spade* tricks for declarer.

The next hand is from teams-of-four:

N
♠ K Q 8
♥ K 10 5 3
♦ A J 4
♣ A K 9

W
♠ 9 7 5 3 2
♥ –
♦ Q 5 2
♣ J 10 5 4 3

E
♠ A J 10
♥ Q J 2
♦ K 10 9 8 6
♣ Q 6

S
♠ 6 4
♥ A 9 8 7 6 4
♦ 7 3
♣ 8 7 2

With both sides vulnerable, *East dealt and bid one* diamond. After South and West had passed, North doubled. South replied with one heart and went to four hearts after a double raise from his partner.

West led the two of diamonds and South took stock. There seemed to be only three losers: a spade, a diamond and a club. He played dummy's four of diamonds, the 10 won, and East returned a diamond to the queen and ace.

A low heart was led, East played the knave, the ace won and West showed out. That meant another loser. Was there anything to be done? The only hope was an endplay on East; but if this was to succeed, East must hold only two clubs.

South led a spade to queen and ace, the knave was returned to the king and the eight was ruffed in hand. East was known to hold three spades and three hearts; if he had five diamonds, he could hold just two clubs.

Crossing to the club king, the declarer cashed the heart king, ruffed the diamond knave and crossed again to the club ace, East dropping the queen (that was encouraging). South led a heart from the table to throw East into the lead. The forced diamond return conceded a ruff discard and South was home.

E. P. C. Cotter

HOW TO SPEND IT

Lucia van der Post looks at what the best-dressed legs will be wearing next year and focuses on the latest attractions in the crafts world

Goodnight to bright tights

KEEPING LEGS looking fashionable is a tough business. It's a world in which nuances are all — colour your tights the wrong shade of brown and they'll sit there gathering dust on the shelves.

Next week is Hosiery Week, a crucial time in the leggy calendar, the moment when big decisions about what glamorous pins will be donning are taken. The big six companies of Britain will be there — Couture, Pretty Polly, Aristoc, Elbeo, Charnos and Bear Brand — for happily where hosiery is concerned Britain still seems to be flourishing. Every year about 576m pairs of tights and stockings are sold — worth some £420m at retail selling price — and some 84 per cent of these are British in origin.

However, to get back to the tights we'll be wearing this winter. The unobservant may think that this year's tights are much like last year's, but they would be wrong. To start with the colours are different. The old bright primary colours and the endless pairs of thick matt black tights are *not* what the well-dressed will be wearing this winter. Subtle colours are everywhere. At Couture Marketing, where John Brindley since 1974 has turned a small company above the Co-op in Stoney Stanton into a group making half a million pairs of tights and stockings per week, they are banking on *subtle* colours, in particular olives and browns — "but it must be the RIGHT shade of olive or brown."

Sophie Mirman of Sock Shop has even got her colours designer-chosen — early in October her Sock Shop branches will be selling the new Jasper Conran collection of tights, all in 60-dernier lycra and featuring muted, subtle colours such as putty, dark olive green and a soft rusty red, at £2.99 a time. After that, in November, come the other designer ranges that she is now famous for having initiated — collections by English Eccentrics (very interesting dense patterns), Wright & Teague, Boyd & Storey and Workers for Freedom.

Never mind the legs, look at the tights — Couture Sensational, a sheer plain tight with Lycra available in all this season's new colours (oyster, paradiso, plum, sherwood, sicionie, as well as black, dark navy, ecru, graphite, natural, nearly black, silver and sofia.). £2.99 a pair.

Colour, though, isn't all. We will have to master a small new vocabulary — having mastered the intricacies of dernier and picked up on the finer nuances of colour we now have to cope with the subtleties of feel and finish as well. Main finishes will be gloss, high shine or simple matt. The high fashion look, to be worn with evening wear and short skirts when the legs really are on show, will be a fine, silky sheen. A sheer, lycra style with an almost mirror-like finish, sheen looks like a winner.

Manufacturers and stores are having a big push to try and get more people to wear hosiery during the summer months (well they would, wouldn't they?), but I have to say that I hope they succeed. Only the very best and brownest of legs look better bare and the summer revealed some not so pretty sights.

An important weapon in the hosiery armoury is going to be the hold-up stocking, as they are cooler than conventional tights. Until now a really well-fitting hold-up stocking has been a contradiction in terms for those who didn't have standard-width thigh-tops. Sophie Mirman and John Brindley are united in thinking that they have cracked the problem. Watch out for next spring, when each of them promises fine fitting holds-ups all in the fashionable sheers.

Design finds a home

ALL THOSE who love and follow the work of Britain's many gifted designer/makers will know that keeping track of their work requires vast resources of time, energy and enterprise. Anything that gives their work a permanent home where it can be seen and bought has to be welcomed. Now, just launched up in Merseyside, is a venture designed to offer exactly that to a small and select group of contemporary furniture makers.

Ramez Ghazoul and Jemila Topalian already run a fine craft gallery in the Cheshire village of Prestbury. Having seen that there was nowhere in Britain where people could always be sure of seeing a collection of contemporary hand-made furniture, they decided to open a showhouse themselves in the stables behind their existing gallery.

They have gathered together some remarkable-looking work — some pieces from already well-known designer-makers such as John Makepeace and Ron Carter, others from those whose names are less familiar. All the furniture is presented in room sets so as to give potential customers some idea of how it might look in the home or office. The owners hope to make the gallery a lively place to visit by holding special exhibitions, by changing the pieces on display and by giving space to new young designer/makers.

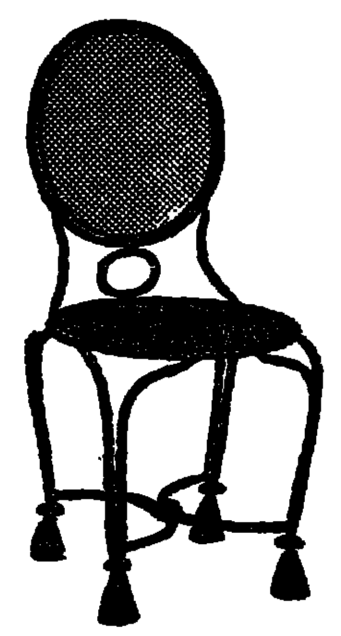
On view currently are pieces by John Makepeace, Ron Cater, Robert Beal, Alan Peters and Nigel Lofthouse, as well as an interesting modern reworking of the desk/cabinet theme by Andrew Holmes. The gallery is in the middle of Prestbury village, 50 yards from St Peter's Church; open Tuesday to Saturday, 10.30am to 6pm.

PICTURED below right is yet another exercise in metalwork. As any follower of the contemporary furniture and furnishing scene will know, metalwork is currently much in vogue, being worked in countless different ways by many different designers. Monica Pitman is a painter/decorator who also specialises in metal artworks and her "rope" dining chairs are modern interpretations of French 18th and 19th century pieces.

The chairs come with or without arms and are extremely decorative as well as being surprisingly comfortable — the lattice work has enough "give" to prevent them being hard. The frame (legs, back and arms) are of ironwork, twisted to resemble rope. The feet, as you can see, have been turned to look like tassles and the backs and seats are made from a very fine flat lattice. The series includes tablelegs too, which are made to take tops of glass, Perspex or marble, although Monica Pitman suggests that wood or slate could just as easily be used.

Chairs and tables are made by hand in the time-honoured way they were originally made in the 18th and 19th centuries. The metalwork can be left as it is or painted silver gilt, Etruscan Green or *sang de boeuf* (a rusty red).

Chairs without arms are about £310; with arms, £398; the coffee table is £546. All enquiries to Monica Pitman, 224 Old Brompton Road, London, SW5. Tel 01-373-3669.



Dream duffles

IT'S HARD to recall now that once duffles were glamorous garments, trailing shades of glory from having seen stalwart active service in times of war.

For most of us the duffle lost its charm when it became the standard uniform of the scruffy student brigade, and there it remained, consigned to sartorial neglect, for 20 years or more. Gradually, however, it has been rehabilitated, and these days all manner of grand and expensive designers such as Armani, Calvin Klein, Ralph Lauren and Yves St Laurent have tried their hand with the classic lines and distinctive detailing of the original duffel.

The duffel is one of the easiest, most comfortable of garments, with relaxed raglan sleeves and roomy outlines.

Those in search of warming outerwear to greet the coming winter will find that there are duffels everywhere — from classic versions at the new Daks-Simpson shop in Jermyn Street, London, to Invertère to Aquascutum and Jaeger. Photographed above is Jaeger's version of the duffel. In 85 per cent wool/15 per cent polyamide, it comes with nice deep patch pockets and buttons instead of the more rugged and traditional toggles. In bronze, loganberry, navy and red, it costs £199 from some 40 Jaeger branches, including the flagship in Regent Street, London, W1.

Fair doubles its appeal

SAVE THE pennies and the pounds, for the Chelsea Crafts Fair is coming. Every year this annual gathering of work from some of Britain's best craftsmen and women seems to grow in size, ambition and scope. Indeed, so much has it grown and so great is the demand for exhibition space that this year the fair has had to be divided into two separate weeks.

This means that there is much more to see and to buy, but it also means that to make sure of not missing anything the ardent viewer and shopper will have to visit it twice.

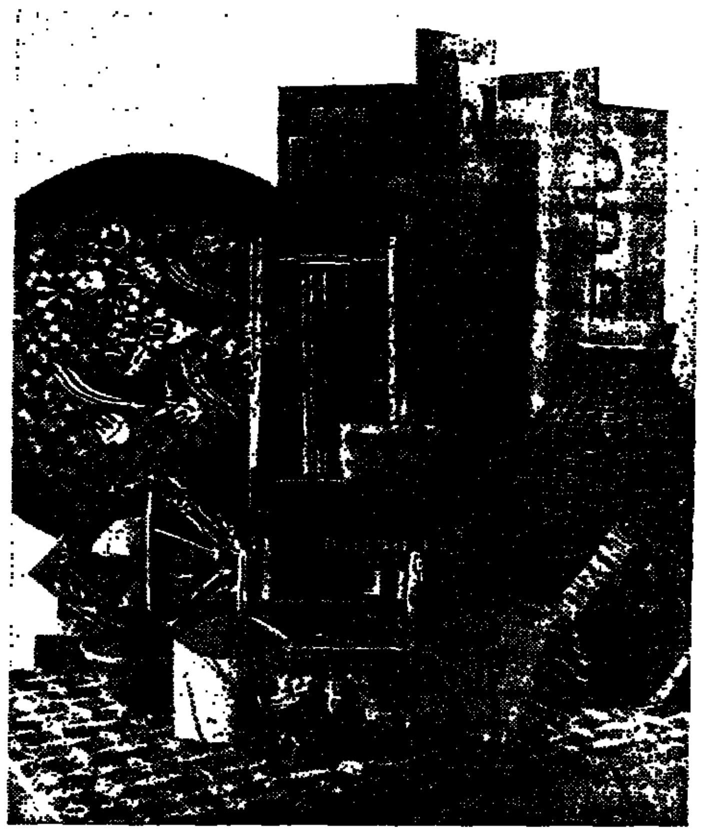
Sylph Baier's ceramic teapot (£34.50), just one of the many Sylph Baier pieces on show and sale during the second week of the fair.

Each of the weeks will feature the work of a separate group of crafts people but the mix will be much as it has been before. There will be small pieces of jewellery, pins buttons, toys and easily packable ceramics as well as larger things such as furniture, wall-hangings, laundry baskets and rugs. There will also be knitwear and small silver pieces, scent bottles and drinking glasses, leatherware, hand-made hats, quilts, scarves, hand-turned wood and silky fans.

Three of the star newcomers to the fair, according to the organisers, are Colin Reid, from Stroud, who is one of our leading glass artists; Steve Brocket, from Cardiff, who makes spectacular hand-painted kites; and Sylph Baier, whose witty and appealing ceramics, like the teapot pictured here, have an individuality all their own.

Those familiar with the fair will already know that, besides being a perfect opportunity to stock up on Christmas and birthday presents, it provides a rare chance to see the work of people whose workshops are scattered all over the country, many of them in quite remote and rural corners.

The fair will be held, as usual, at Chelsea Old Town Hall, London SW3, and the first week runs from October 9 — 14; the second week from October 16 — 21. Open from 10 am to 8 pm from Monday to Saturday (this year it is closed on Sundays), admission is £2.50 for one single visit or £4 for one visit in each of the weeks.



A collection of work, ranging from a hand-made wooden chair to a small wooden toy, from this year's Chelsea Craft Fair

Cookery

How to grapple with squid

Philippa Davenport prepares a cheap and 'meaty' seafood

IN SARDINIA, many moons ago, I witnessed a nightmare on a par with the best Hammer horror movies. Roaring seas provided the backdrop. In the foreground, I saw a brawny-armed fisherman trapped in what looked like a life-and-death wrestling match with an eight-armed creature that seemed hell-bent on pulling him onto vicious rocks. Then, the truth dawned.

The man was in charge and he was beating the daylights (and the worst of the toughness) out of a large but lifeless octopus with 100 ritual thrashings. In spite of being subjected to this sort of corporal punishment from fishermen the world over, and often a few extra blows from cooks' steak bats, octopus usually needs long, slow cooking to render it tender enough for diners to be spared jaw-aching exercise.

Squid has a much less tyre-like constitution. No flagellation is needed to show it who is master, and it needs only brief cooking. So, cooks in a hurry and those against caning, even in the privacy of their own kitchen, will choose squid every time.

One of the delights of squid is its price — absurdly low for a food that is so delicious and "meaty." And, contrary to popular myth, squid is not difficult to prepare. It might appear a little daunting on paper but, in practice, it is a clean and easy operation; a doddle compared with, say, scaling a fish or stuffing the breast of a chicken. In fact, there is often very little to it these days as much squid is sold eviscerated.

If you are faced with whole squid, prepare it like this. First, grasp the pocket-like body with one hand, reach inside with the other and draw out the head, innards and tentacles all in one piece. Cut the tentacles by slicing through the web of flesh that bunches them together, and remove the hard beak from the centre of the tentacles. Discard the head and rest of the innards (but save the ink sac if you want its black liquor for cooking).

Feel around for, and remove the transparent cartilaginous quill from inside the body and peel the reddish-purple membrane from the outside. However you buy squid, always wash it inside and out under a cold tap and dry it carefully before cooking. (It is difficult to dry the inside of small squid thoroughly, so I usually take the extra precaution of dusting the flesh with a smidgeon of flour to mop up any remaining moisture. Delay the flouring until immediately before cooking).

Cut the tentacles to a manageable size if large. Pull the two wing flaps away gently from the sides of the body and cut into strips if very big. Leave the body pocket whole if it is to be stuffed, or slice it across into ¼- or ½-inch rings.

As I've said, one of the pleasing things about squid is that it takes so little time to cook. The swifter the better, I reckon. Let it fry or simmer just long enough for the flesh to lose its pearly translucence. If the telephone goes while the squid is in the pan, let it ring or you risk over-cooking the mollusc. In other words, the firm and tender rings of its flesh will be transformed into albino rubber bands.

My only regret about squid is that some of the best dishes really need to be eaten the minute they emerge sizzling from the pan. I am thinking of treats like the Italian fritto misto di mare, and squid fried the Greek way with lashings of garlic and olive oil. Dishes like these are best saved for eating-out — or for eating-in when there are just two of you to indulge in a bit of kitchen gluttony (and to blazes with the smell of frying that will seep into your clothes and hair).

I have, though, made a point of applying myself to the discovery of other delectable squid recipes. The methods and timings of these will leave the cook feeling cool, calm and collected, well able to sit down elegantly to share the dishes with a party of friends.

RED PEPPER SALAD WITH SQUID (serves 6-8)

A luscious and colourful mixture, this makes a fine first course for dinner. For best results, marinate the peppers a day ahead and cook the squid on the morning of the day of serving.

Ingredients: 4 fleshy red peppers; 1 lb small squid; 8-9 tablespoons fruity olive oil; 2 lemons; 3 garlic cloves; 2 slightly heaped teaspoons coriander seeds; a bunch of basil.

Grill the peppers until the skins blacken. Do not overdo it or the peppers will melt away to nothing. As soon as cool enough to handle, strip off the black papery skins, core and seed the peppers and cut the flesh into bite-size strips or squares. Dress straight away with 4 tablespoons olive oil, a scrunch of sea salt and a good grinding of pepper. No lemon.

Dry fry the coriander seed until warm, toasty and smelling delicious. Crush it roughly to produce a mixture of little bits and aromatic powder, and set aside. Chop the garlic finely and prepare the squid as described above. Heat a 10-12in. frying pan. Add a scant 1½ tablespoons olive oil.

When very hot, add HALF the squid and garlic and fry over high heat, stirring often, until the flesh is cooked tenderly (I find three minutes is about right for small squid). Tip the contents of the pan onto a plate, scraping to get every last drop of flavour, then cook the second batch in fresh oil in the same way.

Sprinkle the cooked squid with the toasted coriander, some sea salt and pepper. Add a couple of tablespoons of olive oil and three of lemon juice and toss, then mix the squid with the peppers. Cover and leave in a cool place. Just before bringing the salad to table, scatter it with fresh-torn basil leaves and mix gently. Serve with wedges of lemon and warm, crusty bread on the side — plenty of bread to mop up the delicious juices.

SQUID WITH TOMATOES, PINE NUTS AND RICE (serves 8)

I rate this just right for a party as many of the preps can be done ahead and the finished dish will keep in a low oven for at least half an hour or so without spoiling. What is more, it is a self-contained main course: no vegetable accompaniments are needed.

Ingredients: 2 lb small squid, or a little more; 3 oz black olives, preferably ones that have been steeped in olive oil; ¼ lb pine nuts; ¾ lb brown rice; a little olive oil; fish stock; fresh green coriander leaves.

For the sauce: 2 x 14 oz cans of plum tomatoes; 2 small onions; 3-4 garlic cloves; 2 celery stalks; a generous pinch of finely-grated orange zest; 3 or 4 sprigs of thyme.

Chop the onion and garlic and cut the celery into thin crescent moon slices. Sweat all three ingredients in three or four tablespoons of olive oil for about 12 minutes. Add the roughly-chopped tomatoes and their juices, some thyme and a little orange zest. Simmer without a lid for, say, 15 minutes to drive off some of the liquid and blend flavours to make a rich sauce. Season well, cover and reserve.

Boil the rice in just over double its volume of stock or salted water until just tender. Season, cover with a clean, thickly-folded tea towel and set aside.

Toast the pine nuts in a dry frying pan. Weigh out the olives and reserve separately. Chop the herbs with scissors in a mug and cover with food wrap to keep fresh. Clean and prepare the squid as described above.

In the evening, bring the sauce back to simmering point. Stir-fry the squid in a little very hot oil for about three minutes or until cooked tenderly. Stir the squid into the sauce, cover and keep warm in a low oven for up to 30 minutes or so until needed for serving.

To re-heat the rice, tie it in a baggy, damp butter muslin parcel and place it in a steamer basket over a pan of boiling water. I find it needs no longer than 10 minutes to become thoroughly hot. Immediately before serving, stir the nuts and herbs into the rice and mix the olives with the squid. Serve in two dishes or, more handsomely, pile the rice down one side of a warmed platter and the squid down the other.

ARTS

Authors' view of writers' freedom

Anthony Curtis listens in on the PEN congress in Montreal

FAREWELL Toronto. Hello Montreal. That has been the story of the 54th international PEN Congress this week, a shift from English to French speaking Canada. There are two Canadian PEN clubs, one for each language, and they have acted with friendly cooperation as joint hosts to this massive congress. You can hear almost every language under the sun as nearly 600 authors from all over the world exchange views privately or appear publicly in international groups on platforms to discuss power and gender, censorship, national identity.

Needless to say, it is more difficult being an author in some places than in others. The Salvadorean woman poet and novelist Claribel Alegria had a blood curdling tale to tell of threats to her life and a vast bonfire of books at El Salvador university. Miriam Tlali, one of the few black women to be published in South Africa, movingly described conditions in Soweto and what it was like to speak for a group which is "right at the bottom of the pyramid."

Nancy Morejon, a Cuban poet, expounded on the problem of publication in a Spanish speaking island. Chinua Achebe charged the West with widespread hypocrisy and declared that this stemmed from the original definition of freedom by Jefferson which was made "by the powerful for the powerful." Wole Soyinka identified the local pressures on a writer intrepid enough to deconstruct the indigenous myths of his own people.

These were all salutary interventions from the many black writers attending the Congress. More salutary still has been the constant mingling that has occurred between delegates and guests from all countries. At the reception before the gala concert given by three Canadian musicians, all women, Arthur Miller was seen chatting to Harold Pinter. Miller had flown in at the last minute and was rapidly slotted in to the session on Writers Freedom, which is the overall theme of the Congress. He wondered whether the whole concept ought not to be redefined. Social disruptiveness was, he said, built into the very notion of being a writer. You could fall from favour very rapidly. "When *The Crucible* was first performed," he told us, "you could see the ice forming over the roof of the theatre. I was forgotten."

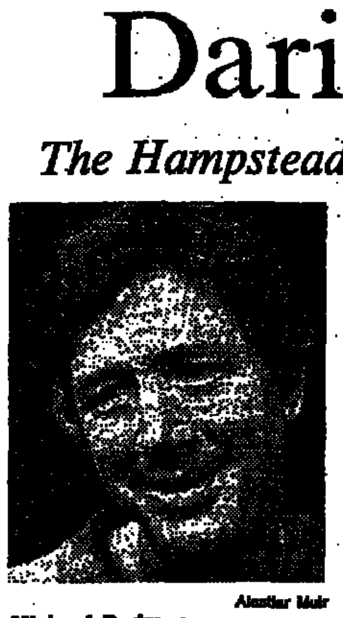
Miller's staccato style of discourse was in sharp contrast to that of the veteran American feminist Betty Friedan. Women's freedom is still a live and sensitive issue among writers and Friedan was a member of the panel devoted to this topic. However, she thought she ought to have been on another panel. "This is bad casting. This is 20 years out of date. I wanted to be on the panel on mythologies." But turning to the matter in hand she suggested that women's freedom was still "unfinished business." In fact, she said (under Reagan and Bush) the pace of women's liberation had regressed. However, she pointed out that this Congress had an equal number of women, unlike the one two years ago in New York.

Other women performers have included our own Margaret Drabble, and the local heroine and Booker Prize shortlist candidate, Margaret Atwood, who wondered what could be the nature of freedom in a society where 25 per cent of the population are illiterate as, surprisingly, they are in Canada. There has been a vast increase in immigration here over the past decade. These and kindred matters have been discussed in sessions open to the public.

Meanwhile, deliberations by the official delegates on imprisoned writers and attempts at suppression continue behind locked doors. One gathers that Salman Rushdie and China both figure high on the agenda. It is the general policy of PEN, we are told, to see that governments are not allowed to forget and forgive these atrocities.

Daring paid dividends

The Hampstead Theatre is 30 years old. Claire Armitstead reports



Alastair Muir

Michael Rudman

Alastair Muir

Jenny Topper with Michael Attenborough, James Roose-Evans, Vivian Matalon and David Aukin

MENTION London's fringe theatres and most people will thing of a small black box uncomfortably proscribed by the knees beneath them, the juke-box beneath them and the traffic noise all around them. It is unlikely that Hampstead Theatre, 30 years old this week, will spring to mind, yet to look at Hampstead's development over the last 30 years is like circling a scale model of the fringe theatre movement.

As its reputation has grown, so have its facilities, presenting each of its six artistic directors with an inheritance reflecting their times. Two things all six will agree on are that the Hampstead stage is one of the cruellest in the business and that the famous Hampstead audience, while staunch in its support, is also a creature of sophisticated but staid taste that needs to be challenged.

Attempts to do so have not always been kindly received. James Roose-Evans, who founded the theatre originally in a church hall in Hampstead, came to grief on a short-lived attempt 10 years later to establish an experimental arm, Stage Two. His early memories are of lurching from crisis to crisis. The balcony for act one of Coward's *Private Lives*, which went on to become the theatre's first West End transfer, was salvaged from a nearby demolition site at the price of a tip for the site foreman.

"Those were the real pioneering days. It makes me smile wryly to see the huge staff they've got now. When I used to man the box office, sweep the stage, choose the plays and direct them. Looking back it amazes me how ambitious we were: we did 10 shows a year, far more than they do now, with exhibitions in the foyer, Sunday and late-night shows."

The pioneering spirit began to flag with the failure of a £10,000 appeal to finance Stage Two. Roose-Evans had devolved responsibility for the main house in order to devote himself tohis new baby, which struggled gamely on for 18 months. By then, Vivian Matalon was firmly ensconced in the director's seat at Hampstead leaving Roose-Evans frustrated and marginalised. Both look back with some bitterness on a period which ended in Matalon's resignation and the unceremonious uncoupling of the now independent theatre from its founding father.

Matalon, the shortest-lived of the theatre's six directors, arrived with the disadvantage of a distinguished track record in the commercial theatre. With a string of West End successes behind him he admits he had become labelled as "a Tory director of old ladies." The move to Hampstead was a calculated attempt to break an image he felt was encumbering and unfair.

"I suppose you could say I saw Hampstead, given its very bourgeois environment and well-placed, middle class Jewish community, as a kind of half-way house between the fringe and the West End. I believed that, while it had to stick to its policy of doing new plays, it was in a way a very rigid place. There was a case to be made for remounting plays that had been mounted at the wrong time or in the wrong productions."

An initially happy time began to go bad when the commercial tag was resurrected and an increasingly vitriolic campaign mounted by *Time Out*, the London listings magazine. Disillusioned, Matalon resigned from the theatre, with the suggestion that Michael Rudman should succeed him.

Rudman arrived at Hampstead on the opposite trajectory to Matalon, after a stint at the Traverse in Edinburgh. The five years of his tenure, from 1973 to 1978, covered a time when he modestly says the world changed around Hampstead Theatre. "The Royal Court went through a very bad period and everyone started to think small theatres were important. We became, if you like, fashionable."

It was partly in an attempt to offset its newfound worldly success that the theatre decided to give Mike Leigh his head with the devised play that was to become *Abigail's Party*. "I'd always felt we should do a Mike Leigh play but it was difficult to justify because of the rehearsal period. I argued that we should do this to turn some of the money back at the end of the year, and also because we were beginning to be seen as too successful and too middle-of-the-road." Not for the first time at Hampstead, daring paid handsome dividends.

When Rudman left Hampstead to take over the National's Lyttelton Theatre, he nominated his administrator and Oxford contemporary David Aukin as his successor. In his National Theatre office, where he is the administrative executive, Aukin looks back with affection on days when "I never knew what a memo was, when you raised your voice and the whole building knew what you were thinking. No communication problems, no development officers, no sponsorship."

He maintains that the most courageous decision made by the theatre board during his time was to turn down the offer of new purpose-built premises. "I was terrified that the obligations and the upkeep of the building would destroy the policy," he says. "In my day the overheads were £100 a week so you could afford to take risks." At the same time he staunchly defends the theatre's obligation to follow its successes through. "If there's a play that can be exploited commercially it's important to do so because most artists are lucky if they write two or three commercially successful plays in a lifetime."

If David Aukin presided over Hampstead's decision to stay as it was, his successor Michael Attenborough masterminded a drive to make the best of itself: his four-year stay saw its backstage facilities balloon, while the auditorium gained a row of seats and plans were laid for a plush conservatory-style extension to the foyer.

With gathering momentum the theatre began to collect awards and transfers, raising the old phantom of commercial worldliness, while stubbornly resisting all attempts to identify the typical Hampstead play. If Faye Dunaway and Albert Finney passed through, so did Mel Smith and Frank McGuinness.

As an administrator, he found himself increasingly bogged down by the "boring and onerous" job of courting funding in an era of shrinking subsidy – a cross inherited by the theatre's first woman director, Jenny Topper, whose first year has taught her some hard lessons about the paper-pushing demands of running a theatre institution in 1989.

Topper, like Aukin, a non-directing director, came to Hampstead from the smaller Bush with an artistic policy that unfolds on two fronts. "Firstly to do new plays to the highest possible standards, which means getting writers to do the best possible at their stage of development and giving them production that will inspire them; secondly, to give audiences a good night out. If you can make those two objectives work together, and occasionally grind against each other, you might produce some sparks."

The power of the pen

THE PROFILE or essay is so debased a genre in showbusiness journalism these days that most people in this country have forgotten, if they ever cared, that the work of Kenneth Tynan (1927-1980) was not only great criticism, it was also great writing. Lesser pundits of the New Right – Paul Johnson in a recent book, Frank Johnson in last week's Sunday Telegraph – have taken to picking on Tynan in the most gratuitous and facile manner, the latter Johnson even going so far as to brand him a sycophantic hero-worshipper less discriminating than the current showbiz gossip columnist of the Daily Mail.

The re-issue, therefore, of some of Tynan's best writing in *Profiles*, selected and edited by his widow, *Kathleen Tynan, with Ernie Eban* (Nick Hern Books, £14.95), is a timely reminder of his imperishable gifts. Following the masterly biography of her late husband, Mrs Tynan offers this volume as a prologue, almost, to three further projected volumes of his collected work. The subjects range from the portrait of an Oxford contemporary, an Isis Idol, to four of his full-scale New Yorker profiles – Ralph Richardson, Tom Stoppard, Mel Brooks, Louise Brooks.

These last four (together with the excluded Johnny Carson) were the subject of his last collection, *Show People*, which I remember the Marxist playwright Trevor Griffiths, whom Tynan had commissioned to write Olivier's last role at the National, denounced as decadent. Why write about Richardson and Stoppard, he complained, why not Jonathan Pryce and John McGrath? Tynan obviously had an uncanny knack of upsetting aesthetic and political arbiters of all colours, a knack he preserves beyond the grave.

This is because, as Simon Callow says in a preface, "at the heart of his work as a critic was a sense of the individual achievement . . . his reviews have less to do with judgement than with evocation." Above all, he was an enthusiast, which is why he wrote best about people he admired. And often, in admiring them, he made it his business to get to know them. He was the best kind of snob, a talent snob. Occasionally, as in the case of Nicol Williamson, the subject never forgave the intrusion, having felt that dinner parties and drinking sessions together had somehow prohibited the exercise of objective assessment.

Mrs Tynan says that her husband felt weighed down by the amount of his researches for the longer profiles. But, in a sense, his whole life was an investigation into the animalism of actors and performers of every kind. I envy you if this is the first time you read Tynan's thumbnail sketches of Sid Field, W C Fields, Lenny Bruce, Eric Morecambe, Greta Garbo or Gordon Craig. Even over two or three pages, the density of description, the quality of analysis, the depth of experience and range of reference, are streets ahead of anything you read in the mountain of today's showbiz puffery.

And as an essayist, performing at the middle distance of 30-odd pages, I would only willingly rank him with Hazlitt and Lamb. He is more worldly than Shaw, more fun than Levin, more interesting than, well, the Johnsons. Even Martin Amis, whose collection of critical profiles, The Moronic Inferno, is the nearest we have to a sustained Tynanesque performance in the colour-mag format, pales in comparison on the density and research fronts. (Am I, incidentally, the only person to have remarked the astonishing vocal, physical and temperamental similarity between Tynan and the Booker-snubbed novelist? Are they, by any chance, related?)

Kenneth Branagh is touted as the new Olivier but sets off with a terrible handicap. Unlike the guv'nor, he will have no Tynan to memorialise him. Sensing this, perhaps, he has started memorialising himself in the nicest possible way. His first volume of autobiography, *Beginning* (Chatto & Windus, £12.95), is an ingenuous, entertaining account of his Belfast background, his education in a Reading comprehensive and at RADA, his surge to stardom and his founding of the Renaissance Theatre Company. Along the way there are some welcome home truths spoken about the Royal Shakespeare Company and its poor record of company-care in recent years. I note that Trevor Nunn has taken up cudgels already.

Michael Coveney

Records

C'est charmant! c'est divin!

IT SEEMS annually to be given to John Eliot Gardiner and the Opéra de Lyon to publish the opera recording of the year – the single issue destined to give greatest pleasure and fill the most gaping hole. Successively, Chabrier's *L'Etoile*, Gluck's *Iphigénie en Tauride*, and, recently, Messager's *Fortunio* have held the position as of royal right; and now the new Philips set of *Le Comte Ory*, a joy and a delight almost without qualification, is in line to join them.

"C'est charmant! c'est divin!" sing the romping disguised nuns in Act 2 – and so it is, a work in which Rossini meets his beloved Mozart on equal terms. (Much of the music for the opera was borrowed for re-use from *Il viaggio a Reims*; now that that earlier *pièce d'occasion* has itself been returned to opera-house circulation, the smoothly polished craftsmanship of *Ory*, the generally seamless level of inspiration, appear all the more remarkable.)

What makes this perhaps the most exquisite and precious of all Rossini's comic operas is the sense of shadowed ambiguity lying just behind the farce, the touch of darkness, the faint hint of Eden threatened; the trio, "A la faveur de cette nuit exquise," is at once a perfectly-achieved culmination to the comedy, and one of the most complex pieces of eroticism-in-music in all opera.

Gardiner's feeling for the fine working of the numbers – their peculiar delicacy of vocal and instrumental timbre and texture, their innumerable felicities of detail – is wonderfully acute: he is without doubt the leading French-opera conductor of the day. This is not the first set of *Le Comte Ory* in existence. In the 1950s, when the work was regularly given at Glyndebourne (surely its ideal home), HMV invited Vittorio Gui and a Glyndebourne cast into the studios; that recording, long out of currency but cherished by all Rossinians, has held its place as a small miracle of ensemble opera.

Gui, a heaven-sent Rossini conductor, will not be displaced even now, since his native Italian command of "singing" pace and rhythm remains unequalled, and his Ory, Juan Oncina, had a feline exactitude of comic touch that Philips's John Aler finds hard to match – good as he is, and cleanly poised when nipping high above the stave. In all other respects, however, the new recording marks a huge improvement in standards. It is *without Gui's numerous small* cuts, better recorded (even for its own day the HMV sound was boxy and cramped), much better played, and on the whole infinitely better sung.

Its star is perhaps Diana Montague as the lovelorn page Isolier, deliciously bright and fluent of tone, stylish in attack, impeccably "French" in delivery. The young Korean Sumi Jo is the languishing Countess Adèle: on occasion she reels off the words parrot-fashion, but *her shining, flexible soprano* has a low-register warmth not usually found in singers of her type. Quilico (Raimbaud) and

Rossini: Le Comte Ory. John Aler, Sumi Jo, Diana Montague, Gino Quilico, Gilles Cachemaille, Raquel Pierotti/ Opéra de Lyon Orchestra and Chorus/John Eliot Gardiner. Philips 422 406-2 (two CDs)
Rossini: Arias. Cecilia Bartoli/Vienna Volksoper Orchestra/Giuseppe Patanè. Decca 425 430-2 (one CD)
***Roussel: Mélodies.* Colette Alliot-Lugaz, Mady Mesplé, Kurt Ollmann, José van Dam/Dalton Baldwin (piano), Patrick Gallois (flute). EMI CDS 7492712 (two CDs)**

Cachemaille (the tutor) are excellent; the Lyons chorus is first-rate. The whole performance boasts a sharpness of cut and finish to lift it high above the common run of *opera recordings*.

The arrival on the scene of Cecilia Bartoli is another cause for happiness among Rossinians. Her Wigmore Hall recital last weekend had them cheering long and loud; now Decca releases a collection of mezzo-soprano arias that will make the pleasure more widespread. Miss Bartoli is young, Italian, lively of temperament. The voice glows with lustrous vibrancy and fullness of tone across a wide compass, and races with glorious Latin exuberance up and down the scales and flourishes – she may not yet be absolute mistress of *agilità*, but there is still plenty of time for the final stages of development, provided her career can be guided on the right lines. The International Superstar treatment, already evident in Decca's ghastly cover photographs, is the last thing this precious singer needs.

The French EMI "Intégrale" of Albert Roussel's songs is a collection of enormous value. It follows the same company's compilations of Fauré, Debussy, and Ravel, and is evidently the brainchild of the series' pianist, Dalton Baldwin, whose mastery of the French *mélodie* idiom deserves boundless admiration. Given the general neglect of Roussel's music, it is no doubt a waste of breath to regret that so few recitalists explore his songs in any depth – only "Le Bachelier de Salamanque" and "Jazz dans la nuit" can be counted at all familiar items.

The wealth of treasure to be dug up in these discs makes one realise just how absurd the situation is. As a composer Roussel was a late starter, and only an intermittent songwriter throughout his life. It is nevertheless fascinating to measure how precisely the development of his artistic personality is reflected in the flow of songs (in this respect I should have preferred a chronological layout to the collection rather than the random groupings for each of the four chosen singers).

The neo-Franckian or post-Fauré canvasses of youth give way to the sharp-pointed etchings of maturity. Songs on Chinese texts, the settings of Anacreon odes, the two Ronsard sonnets with flute accompaniment have about them a poetic concentration that is almost Wolf-like; the characteristic concision of style, the "flavour" at once neo-Classical and exotic, comes across at full strength. Of the EMI quartet, each a cultivated artist of rare quality, it is perhaps Van Dam who touches to the core of his songs with greatest resources of subtlety and understated eloquence. In sum, highly recommended.

Max Loppert

ARTS

Playing safe on Broadway

***Frank Lipsius** reports on the start of the New York theatre season*

WITH THE prospect looming of a shortage of musical houses by Christmas, New York is anticipating the most active new theatre season in memory. Never mind that one of the best venues, the Mark Hellinger, has been leased to an evangelical church for five years; that deal proved how bad the prospects were after *Legs Diamond* flopped there at the beginning of the year.

The season began last week at the Neil Simon with *Orpheus Descending*, directed by Peter Hall, Vanessa Redgrave recreating her West End role of Lady Torrence. Tennessee Williams had always wanted to write a role for Redgrave, an instinct he did not live to see to fruition. And fruition there certainly is; ripe bonus, too, in Redgrave's Broadway decision to appear naked in the scene where she consummates her passion for the drifter Val Xavier (Kevin Anderson).

Anderson and the support American cast do not match the Redgrave panache, even sifted through a thick Italian accent. Though competent and attractive, Anderson lacks the gravity and magnetism that should outweigh his youth. Sloane Shelton as Beulah Binnings, the gossipy chorus of Two Rivers County, seems more appropriate to *The Music Man* than to Williams' rambling but relentless tragedy of Lady Torrence's deluded, fleeting taste of freedom.

A new, intimate production of *Sweeney Todd* has transferred from a tiny Upper East Side venue to the Circle in the Square, the small Broadway theatre-in-the round in the same complex as the musical's original home at the gigantic Gershwin (then the Uris). The change in scale has done wonders for Stephen Sondheim and Hugh Wheeler's conception, transforming it from a sociological treatise on London's Dickensian poor overwhelmed by the stage's industrial machinery, to an intimate study of Todd's descent into insanity.

Made up with dark rims circling his eyes, Bob Gunton grows in stature all evening as he wields the shaving knife, victims' blood spurting over the stage. Compared with Angela Lansbury's matronly Mrs Lovett, the landlady and co-conspirator of the original 1978 production, Beth Fowler is a younger, livelier woman.

Director Susan H. Schulman, principal director of the Pittsburgh Civic Light Opera, has obviously re-thought the play, taking advantage of the intimacy to emphasise the horror. A sharp railway whistle signals the end of the overture in a score effectively performed by two synthesizers instead of the 26-piece orchestra in 1978. James Morgan's set envelops the theatre in hanging cloths and eerie orange-lighted windows to draw the audience into the seedy, dangerous world of cutthroat malcontents.

After a Broadway debut as director of the embarrassing comic-book musical, *Starmites*, at the end of last season, Larry Carpenter recovers with an exuberant *Privates on Parade* starring Jim Dale as an improbable but perfectly believable transvestite army captain. The amateur-theatrics setting of Peter Nichols's funny, bitter view of the British defence of Malaysia perfectly fits the Roundabout, a theatre created out of a union-hall's auditorium with an amateurish look too often reflected by the performances.

Dale, who has lost none of the acrobatic skills first seen in New York 15 years ago in Frank Dunlop's production of *Scapino*, could easily compensate for most deficiencies; here he need only orchestrate the antics of a well-put-together crew including John Curry, Simon Jones and Edward Hibbert.

A.R. Gurney's *Love Letters* for two elderly correspondents started as a weekends-only production. In a more permanent home at the Promenade, pairs of actors take a weekly stint apiece. Director John Tillinger insists only that the actors read, not memorise, their roles and speak to the audience, not each other.

The gimmick works. Some of the letters are really dialogue fragments, and epistolary premise is fractured by sedentary characters nonetheless roaming through familiar upper-crust Gurney country of private schools, charity fund-raisers and politics. Jason Robards, sonorously voiced, and Elaine Stritch, casual flightiness flecked with tears, were an ideal couple. Younger pairs who have been well received are John Rubinstein and Stockard Channning, and George Segal and Dana Ivey.

The rest of the season will be steeped in revivals, imports and film adaptations. The current enthusiasm may wane by the time the theatre squeeze blows out into revivals of *Gypsy* and *The Unsinkable Molly Brown*, theatrical versions of *Meet Me in St. Louis* and *Grand Hotel*. Other imports slated for this season are *Aspects of Love* and *Blood Brothers*, David Hare's *Secret Rapture*, Peter Shaffer's *Lettice and Lovage* and two Tom Stoppard plays, *Artist Descending a Staircase* and *Hapgood*. Broadway's nearly decade-long slump affects its revival the way a heart attack would: the victim becomes more cautious.

Jim Dale and Simon Jones in the revival of *Privates on Parade*

Sea and sky celebrated

***William Packer** looks round the London galleries*

John Houston (Mercury Gallery, 26 Cork Street W1: until October 21), one of the most distinguished of Scottish painters of his generation, has been celebrating the sea and sky-scapes off North Berwick and the Bass Rock for the better part of 40 years. The examples here of his generous expressionism are at once as fresh and characteristic as ever, but other images are afoot. The experience of his journeys to Japan of a year or two ago are resolved at last into images of the most delicate mannerism, and there are paintings of the figure too, of which the portrait of his wife, Elizabeth, in her kimono, is outstanding.

Len Tabner, a somewhat younger painter, is showing in London *in extenso* for the first time (Agnews, 43 Old Bond Street W1, until October 20, and Vanessa Devereux, 11 Blenheim Crescent W11, until October 14). His subject is the bleak and beautiful Northumbrian coast, with the waves beating in, the wind blowing and the spray flying – all positively Turnerian, at least in its physical commitment, and the more energetic the better.

He is, however, no high Romantic visionary, but a natural expressionist, his vision immediate and mundane, fixed upon what it means to be out in wild weather in wild country. But the conspicuous display of energy for its own sake is always dangerous, and there are moments when one feels that the work is running on a bit free. The sketchbooks, intimate, direct, unself-conscious, show the truer artist and one clearly to watch.

Peter Howson (Flowers East, 199 Richmond Road E8: until October 22) is one of the brightest of the young stars that burst from the Glasgow School of Art in the mid 1980s. What first caught the eye were his small paintings and drawings of boxers and body-builders, and his smaller works remain the more impressive for being the more straight-forward. But he is remarkably prolific, and here is a gallery full of huge figure compositions, all drawn from the imagination. Their essential subject is the violence of the collective male, whether implicit and contained, as in his group of roadsweepers striding out together, "The Fools of God", or openly murderous and fascistic, as in "The Death of Innocence".

These are impressive works, as much for their sheer ambition in the scale of the technical problems that they take on, and their symbolic intention, as for their actual accomplishment. The danger is again that with so much to do, the attempt itself becomes the justification. Howson is inclined to lean heavily on a certain graphic short-hand and exaggeration, which is a pity, for his work is powerful and energetic enough without such grotesquerie.

Christopher Couch (Marlborough Fine Art, 6 Albemarle Street W1: through October) is a symbolist who works directly from the figure. The model lies on the bed in a darkened, empty room, another woman perhaps stretched or seated beside her, or the artist himself watching over her. The mood is heavy with unspoken, insistent, ambiguous relationships. Again the scale is ambitiously grand, and again technical considerations tend to qualify the intended effect. Where, in the smaller canvasses, concentrated upon the image of the head, Couch's intense vision is convincing enough, writ large too much is left unstated, unresolved, unmodelled. When so much is attempted, mere indication and suggestion are not enough.

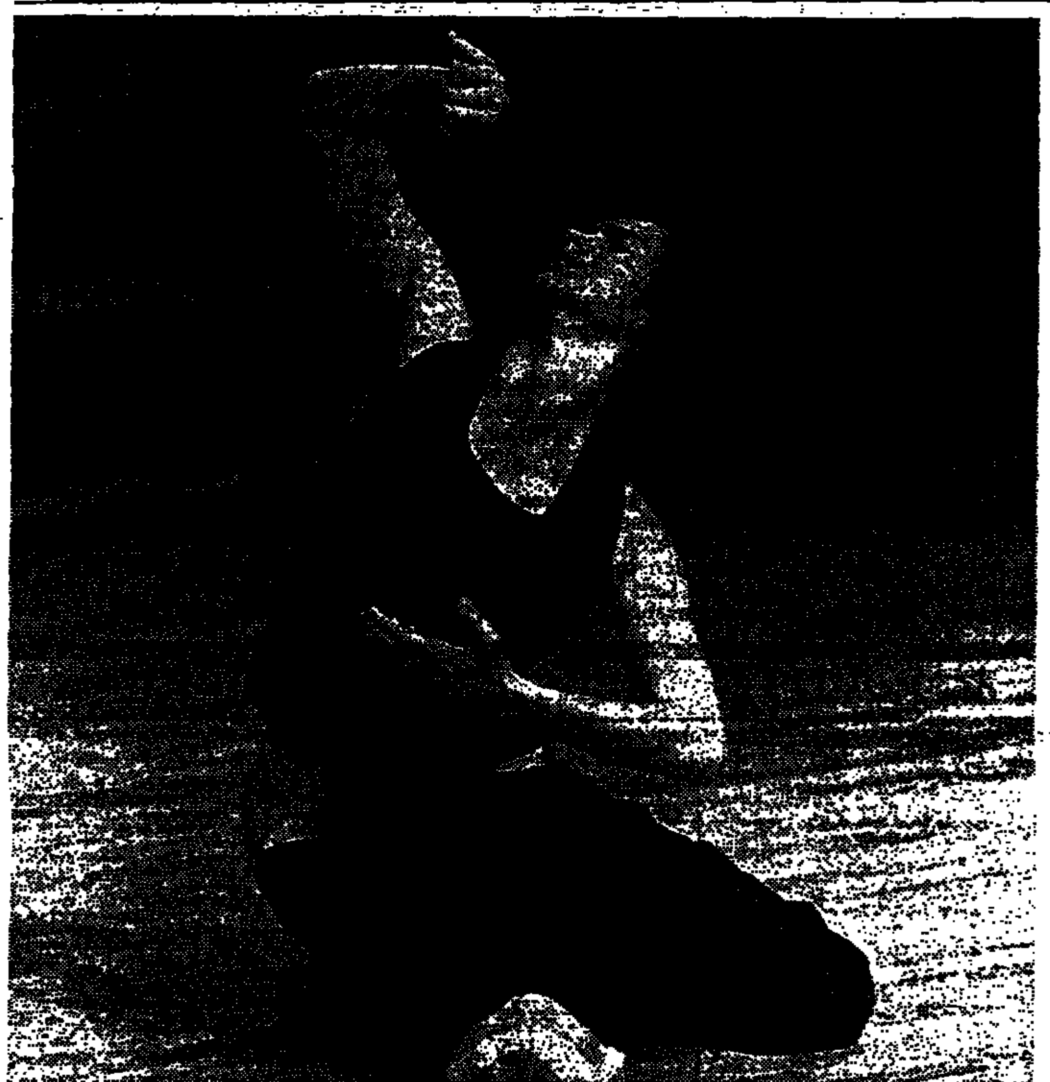
Anita Taylor makes an impressive debut (Berkeley Square Gallery, 23a Bruton Street W1: until October 14). Her fresh and lively oil studies, of girls alone or in pairs, declare an obvious debt to Paula Rego, both in mood and imagery. The large works, however, show her moving into territory very much her own, no less overlain with sexual threat and portent, but very lightly born on such a scale and stated with fine facility.

She shares the gallery with **Lucy Ross**, whose work is as bright and decorative as ever it was at the Royal College, but has yet grown tougher and less obvious. The imagery of classical columns and fragments of statuary is now reworked and overlaid to make for a denser and more complex surface. She is taking more risks and her work is the better for it.

Finally, at **Anne Berthoud** (10 Clifford Street W1: until October 7), are two large paintings by the late Peter Kinley, deceptively simple images, of four white sheep on a green field on one side, and a white house on the other. They are fine paintings by an under-rated artist.

Bit of a solo boogie

***Alastair Macaulay** reviews Gaby Agis at the Lilian Baylis studio, Sadler's Wells*



Gaby Agis in *Dark Hours and Finer Moments*

SULLEN, dark-haired, pale-skinned, full-breasted, heavy, clumsy and committed, Gaby Agis used to exert a memorable force in the works of other new-dance choreographers. She showed no kind of physical, technical or dynamic sophistication, and that was the point. She'd fling herself around, collapse to the floor or stamp on the spot with a weighty intensity that was striking just because it was raw.

As a choreographer, she's never been radical, original or innovative. (Well, those aren't, after all, adjectives we've often been able to apply to British dance, which has mainly been concerned with making local variations on foreign initiatives.) Much of Agis's work has been – accidentally, perhaps – a re-hash of certain American dance experiments of 15 or more years ago. Women have run around in heavy boots, have flung iron round the stage, have danced on the rooftops, have moved around a building with the audience following them. And all that old post-modern hat. What has been boring about this is the stolidity and timidity with which Agis has pursued it.

Not that she doesn't learn or develop. Her latest show, *Dark Hours and Finer Moments* in the Lilian Baylis studio at Sadlers Wells, is only an hour long, and has somewhat more variety than any of her previous work. It shows a new interest on her part in certain basic features of academic dance technique, and it uses a text by the fiction writer Kate Pullinger. And so Agis and her four female colleagues are seen sometimes to extend stretched legs and/or pointed feet, and are sometimes heard to speak. There is even a cartwheel and a bit of solo boogieing. The text consists of fragments of monologue, in which women talk of travelling alone. Agis has never before come so close to conventional theatricality.

Most of the movement is pedestrian, the arm-gestures watery. Though each women is an individual – different accent, different movement style – you learn little about women in general or these women in particular, from this show. What you see and hear is a soft-centred collage of trite attitudes and observations, with music to match.

In one episode, Agis and three others move back and forth across the stage, repeating a basic step-and-gesture pattern. They're not uniform in it, but they don't make their differences interesting. Agis dilutes them all to the lowest common denominator. In its well-intentioned way, this drab show degrades women as completely as many more populist and traditional spectacles. And, curiously, Agis herself has lost her former force. As the hour slowly passed, it became sadly clear that she was not only the least articulate mover and least spontaneous speaker on stage, but also the least sincere.

Radio

In tune with the Greens

HATS OFF to Radio 1 for its *Lead Alert* this week. All those Cortinas and Capris have been warned against leaded petrol, and tipped off that there might be free adjustment at the garage on Thursday. Radio 1 is really the green frequency; it is into the concerns of the masses, like Aids, and deals with them in the appropriate ways. We even have a Radio 1 DJ in Angela Rippon's *Health Programme* (Radio 4, Sundays).

Never the Same Again, a Wednesday series on Radio 4, dealt this week with Sue Smith, who contracted a spinal tumour while she was at school. We follow her progress from a limp at 17 to a wheelchair at 40. Sue seems an exceptionally nice person; she married the young man she had known from her active teens, gave him two children, went up to university at 30 and got a degree in English. Now she does social work.

It is a moving story, but I wonder if Sue was the right person for presenter Jenni Mills to have chosen. She seems reconciled to her disability, though she secretly believes that other women must all be better than she, and she resents the attitude of people who imagine that a crippled spine must also mean a crippled brain. But what of those poor souls who become angry and selfish, without Sue's capacity for living a full life? How would the programme have gone with them?

Last week's example was about the Maxwell family, whose 11-year-old daughter disappeared. I could not bring myself to hear it. But I have heard next week's, concerning a young couple providentially unhurt in a plane-crash, where a headlong evacuation saved them from the asphyxiation that killed many of the other passengers. Their resultant trouble seems mainly to be a dislike of the way they behaved after the crash. I am not sure what I have to learn, though, except patience.

I was a fan of Adrian Rollini, the jazz virtuoso of the bass saxophone, and I like modern Czech writing, so I had to hear Josef Skvorecky's *The Bass Saxophone* on Radio 3 on Friday. The story, dramatised by Nigel Baldwin, is told in duologue between old Joseph (John Woodvine) and his younger version Joe (Jonathan Cullen). Joe is entranced by the bass sax of a German band that visits his war-time Czechoslovakian village, and he is persuaded to play with them in place of their regular saxophonist, ill in bed. He thinks he will be playing jazz, forbidden by the Nazis.

In fact he starts with a waltz in A minor, but halfway through the programme, the sick player drags him off the stage and takes over his instruments. Before that happens, though, we have to hear the rehearsal, then the remembrances of pre-war days. The music, composed by Graham Collier, is meant to be dull, and dull it is, in spades, and a devil of a lot of it. The proper sax player's work, "like the Adrian Rollini of your dreams," would never have done for the Charleston Chasers.

Both the Joes are decently acted, but they seldom managed to impart much interest into the play. Ned Chaillet was the director, and Art Themen played the bass saxophone. No Rollini he.

There was more sick humour in *The Emperor of Lancashire*, a sketch about the Lancastrian comic Frank Randle. Jeff Nuttall recounted his ghastly anti-social behaviour, and there were snatches of his act. I hardly understood any of that but the belches – and I have served in a Lancashire Regiment.

Listeners to *The Archers* as casual as myself will be pleased with the *Book of Farming and the Countryside* (BBC, £10.95, 256 pages), a companion book by Anthony Parkin, the programme's Agriculture Story Editor. It's a survey of Ambridge activities through expert eyes, with technical explanations where helpful and maps of Brookfield, the Home Farm and Brook Farm, with many photos, including 16 pages of colour. Essential for Archer-fans, enjoyable for others.

B.A. Young

Chess No. 792:
1 Qh8. If bxa2 2 Nd4 b1Q+ 3 Nb3 mate, or here 2 ... Kb1 3 Qh1. If 1 ... Kxa2 2 Nc3+ Ka1 (Ka3 3 Qf8) 3 Qa8.

SPORT

All the way on champagne and shaving foam

Peter Berlin studies the teams which stand just eight wins away from baseball's world championship

FOUR DAYS ago, North American television viewers were treated to the unlikely spectacle of a gang of grown men dressed in pyjamas and caps rubbing beer and champagne into the bald head of a tubby middle-aged man in Chicago. Similar scenes were played out in Oakland and San Francisco the next evening. Soggy athletes, often plastered in shaving foam, would emerge from the scrum to explain to the cameras that their team could go "all the way."

All the way to the baseball World Series, that is. The players of the Chicago Cubs, the San Francisco Giants and the Oakland Athletics have already come a long way, each team clinching first place in its division after six months and 160-odd games of gruelling league play. Now each stands just eight wins away from baseball's world championship.

One more team manager still has to be doused. That will happen some time this weekend in Toronto. By happy chance, two teams which are neck and neck in the American League East, the Baltimore Orioles and the home town Blue Jays, complete their regular season with a three-game series which began last night. The winners travel to Oakland, who have won the American League West for the second year, to start their best-of-seven play-off on Tuesday. The National League championship opens in Chicago the following night and the World Series – the only time clubs from the two leagues meet – starts on October 14.

During the regular season each team plays 162 games: usually six, sometimes seven, games a week. A team can top its division by winning fewer than 90 games, as Baltimore or Toronto will have done. Even Oakland, the "winningest" team in baseball, has lost more than 60 games. On the other hand, it takes only four defeats to knock a team out of the play-offs, which are a whole different ball game.

Over the long haul, managers nurse their pitchers' delicate arms. In the World Series play-offs, though, there is no such caution. Last year the Los Angeles Dodgers started Orel Hershiser in five of their 12 play-off games. He did not lose any, and won the deciding game in both the league championship against New York and the World Series against Oakland.

In the play-offs, hits are often scarce and the games close and low-scoring. Successful play-off teams eke out runs with astute base running and tactical hitting, and do not give anything away with sloppy fielding. Home runs are a bonus. As a result, squeezing the most out of every moment is what separates the average managers from the great and lucky ones. Last year Kirk Gibson turned Tommy Lasorda, the Dodgers' manager, into a genius with one game-winning home run. Lesorda was liberally sprinkled with champagne.

The managers of the two Western teams, the favourites to meet in the World Series, represent baseball's new breed. Roger Craig, manager of the Giants, is a master at the technical minutiae of pitching, though this year his strong pitching staff has been well supported by the spectacular batting of Kevin Mitchell and Will Clark.

Tony La Russa, the manager at Oakland, is dour, young, computer-friendly and has a postgraduate education. In short, he is an affront to baseball traditionalists who expect real managers to be wizened old-timers spouting wisdom and tobacco juice in equal measure.

Last season, the critics said that La Russa could hardly help winning, so powerful was his line-up. "Anyone can write down Jose Canseco's name 162 times," they said. This season, La Russa had to make do without Canseco's home runs and athletic fielding as Canseco and three other key players were injured for long periods. Still, La Russa guided the Athletics to the best record in baseball in the toughest division.

In Chicago, balding, chubby Don Zimmer is an old-style manager, but then the Cubs adhere to baseball's traditions as clingingly as the ivy that covers the old outfield walls of their Wrigley Field stadium. Unfortunately, their greatest tradition is losing. They have not appeared in a World Series since 1945 – the longest drought among major league clubs. Worse still, they lost that series to the Detroit Tigers, their seventh consecutive World Series defeat. The Cubs last appeared in the play-offs in 1984 against the San Diego Padres when the pennant was still decided in a best-of-five series and the Cubs became the first team to blow a two-game lead in a short series. Some traditions die hard.

Nobody expected him to get the Cubs, with a roster of raw rookies, other people's cast-offs and limping veterans, this far. Yet his devil-may-care style of baseball paid off as the Cubs kept grabbing wins in the most unlikely ways. Zimmer, who has been in baseball for 41 years, cultivates a homey style and affects an air of bemusement and boyish wonder at the Cubs' success.

The managers under the most intense scrutiny this season have been Frank Robinson in Baltimore and Cito Gaston in Toronto, one of whom will become the first black to manage in the play-offs. At the start of last season there were no black managers in the major leagues. The reason, according to Al Campanis, a senior executive with the Dodgers, the team which broke the game's colour bar in the 1950s, was that blacks did not have the "necessities" to manage.

Robinson and Gaston have gone a long way towards disproving that theory. Robinson, for example, has kept his temper with a young Baltimore squad stuffed with mediocrity. Even allowing for the general poverty of the American League East, he has worked wonders.

Talent is no problem in Toronto, where the Blue Jays' surly band of stars simply refused to play for glum Jimy Williams earlier this season. After firing Williams the club, with a great show of reluctance, appointed Gaston, their popular batting coach, to manage. The Jays still insist they will replace Gaston after this season, though that will be difficult if Gaston overcomes the Blue Jays' losing tradition, which is shorter than that of the Cubs but every bit as spectacular.

In 1985 the Jays led the Kansas City Royals 3-1 in the American League play-off before losing the last three games. Two years ago they needed to win just one of their last seven regular season games to clinch the divisional title. They lost them all, the last three away to Detroit, the team which overhauled them.

Part of baseball's enduring appeal is its complexity and tactical richness. The mental battle between the rival managers is the key to the game, and working out what goes on in the managers' heads is half the fascination for the fans. The question now is: which of these heads will be crowned with shaving foam or champagne in three weeks' time at the climax of the World Series?

'Iron' Mike: the viciousness that drives Marciano's heir

GLUM AND bothersome – that seems to be the story of Mike Gerard Tyson's life to date, however many millions have passed through his hands in a brief and ferocious career that has brought him the undisputed heavyweight championship of the world.

But not so bothersome as to cause this heir of Rocky Marciano the loss of a vindictive sense of humour. For example, when José Torres asked Tyson to tell him about the best punch Tyson had ever thrown, a broad smile covered the champion's face.

"Man," said Mike, "I'll never forget that punch. It was when I fought with Robin (actress Robin Givens, Tyson's ex-wife) in (a friend's) apartment. She really offended me and I went bam," he said, throwing a fast backhand right into the air by way of illustration. "She flew backward, hitting every *$*&#*! wall in the apartment. That was the best punch I've ever thrown in my *$*&#*! life. The bitch wanted to call the cops from my own *$*&#*! telephone. Was she *$*&#*! crazy or something? . . . She wanted to call the *$*&#*! cops from my own phone!"

You might wonder why I don't simply leave the *$*&#*!'s out, but to leave the *$*&#*!'s out of a Mike Tyson sentence would be to compromise its rhythmns; to join the coy brigade; to sanitise and prettify him; to ignore the truth, which is that what energises Mike Tyson is an elemental viciousness so overpowering as to be incomprehensible to most people outside boxing, and to many inside it.

José Torres, who between 1965 and '67 was the world light-heavyweight champion, says that Tyson often talks about his anger as a boxer. "I was 14 and going into the ring of the Les Batallion Hall in Queens," Tyson told Torres once. "I'm real mad and angry because I'm poor and I wanted to be somebody. I'm angry and mean. Cus (Cus D'Amato, Tyson's former mentor and instructor) used to talk to me about hunger, and about being vicious and mean.

"Cus used to talk about the good fighters and how they were mean $**&#*!'s – tigers, $**&#*! mean. Mickey Walker, Jack Dempsey . . . 'You can't turn your back or complain to the referee because they hit you low or punch you after the bell,' Cus used to say. I wanted to be like them, mean, savage, vicious.

"Joe Louis was mean even though he was an introvert. People would never know he was a savage, an animal in the ring. And I wanted to be that way. I used to make it my business to be a mean, ruthless bastard. I knew I had to be mean because if I lose, I'm going to die, to starve to death."

Despite all Tyson's troubles, Torres doesn't really believe – or doesn't want to believe – that Tyson is likely to self-destruct. If Torres is correct, this ought to mean that by the time Tyson reaches the grand old age of 30 or thereabouts (he has a long way to go: he is exactly 23¼ years old today), he will stand at least a chance of eclipsing Rocky Marciano's career record of 49 wins in 49 fights. By which time he will be a zillionaire and may well have biffed a few more wives off this wall or that.

At the end of his new book, *Fire & Fear: The Inside Story of Mike Tyson*, Torres – author of the earlier and celebrated *Sting Like a Bee*, the story of Muhammad Ali – says that every now and then, pictures of Tyson and his life run uncontrollably through his head: the savage childhood (Tyson was arrested about 40 times before he was 12 years old), perverse boyhood, spoiled adolescence and crazy adulthood; the deaths of his mother, his mentor, his manager and his marriage.

Mike Tyson's anger is alien to most people outside boxing. ***Michael Thompson-Noel*** *reports*

Torres tells of a chilling encounter with a man from Queens who told him to "forget" Mike Tyson. "I was in the concentration camp and I know what it is to survive," the man told Torres. "You should only know what I did in order to pull through. I cheated and I lied and I robbed; I became a master of deception and I wounded and killed people. I had six nice, non-violent, decent brothers and sisters, and they all went straight to the ovens.

"I was the only one to survive. But I have never recovered." The man had Tyson figured out, he told Torres. In the man's view, Bedford-Stuyvesant and Brownsville, two Brooklyn slums where Tyson was raised, were "Iron" Mike's concentration camps. "Only a very few ever recover, and Tyson is not one of them."

According to Torres: "The realist in me suspects the man may be right. But the young, starry-eyed fighter from a Puerto Rican ghetto who still has a place in my being – that part of me that still yearns for those 'special moments' in the ring – says it cannot be. Fight fans have waited too long, Mike Tyson has struggled too hard, for him *not* to get up off the canvas."

Fire & Fear is a remarkably good book, partly because Torres, like Tyson, had been a pupil of the extraordinary D'Amato, and was able to observe Tyson's career from its beginning. He remembers when D'Amato introduced him to Tyson. "The youngster, outwardly embarrassed by Cus's (flattering) remarks, shook my head sheepishly and looked down at the floor. I took a close look at the boy and decided that he was too short to be a heavyweight (5ft 6ins), too strong for a boxer (186lbs of compressed baby fat and muscle), and too shy for his rough looks. Mike was not yet 13 . . .

"He lived at the Tryon School, a tough reformatory for troubled juveniles in nearby Johnstown, New York. The word from Bobby Stewart, one of the prison counsellors and its athletic coach, was that the boy was a remorseless predator, thoroughly alienated from society. Just the sort of challenge Cus savoured."

Tyson bowls into London complete with hat and cane

When D'Amato first saw Tyson in action, his heart pounded because he knew that he was watching the raw anger, the determination to inflict pain, the will to win, the lack of grace and tolerance, the sheer meanness that could be honed into the youngest world heavyweight champion ever.

But Cus died. And so did Jimmy Jacobs, Tyson's manager. Others went away. His marriage foundered. He became an orphan, bereft of civilising influences. He slugged a few people. He got uppity with the media, which is one of the last things a heavyweight champion with Tyson's monstrous appetites for partying, booze and women should contemplate.

By the time of his fight with Britain's gallant but glaringly under-qualified Frank Bruno in Las Vegas last February 25, it seemed to Torres as if Tyson was truly on his own, with no-one in his corner to help him. That didn't stop Tyson battering Bruno, who lost to a flurry of unsynchronised punches in the fifth round. "That night," says Torres, "Mike was a great puncher, but not the great fighter he could be. Not even close. The complex championship skills Cus D'Amato had drilled into him, the timing, the patience, the lightning combination punches, the side-to-side moves, even the basic left jab, were missing."

Torres is a wise old owl. One of the pleasures of *Fire & Fear* is that Jose Torres knows boxing inside out, and is by no means awed by it. In the 1980s, he says, boxing has become very big business. In the process it has been inundated by high rollers, thieves and "just plain depraved people – all masquerading as true boxing fans, enjoying the best seats and treatment in counterfeit-copy boxing arenas. Gambling casinos, rife with perversity, had become the major venues for the sport A.J. Liebling once called the 'sweet science.'"

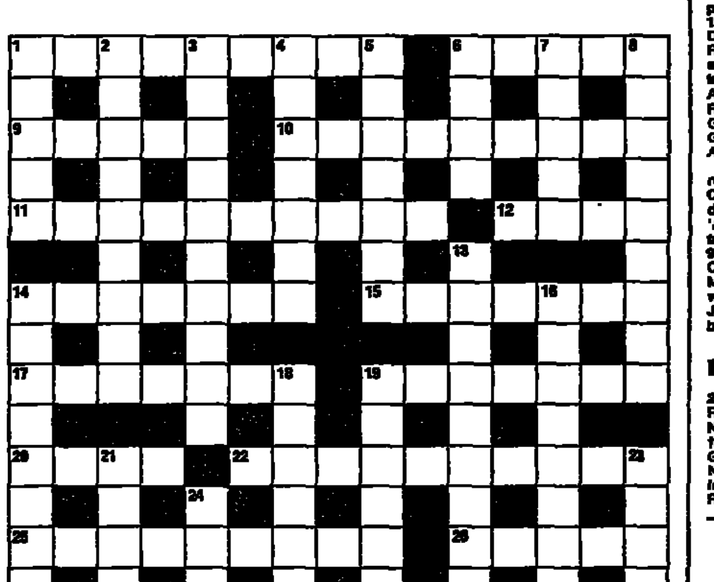
Big Mike Tyson is thoroughly at home in the muck of modern boxing; I just hope he survives it.

Fire & Fear, Star Books, £3.50.

CROSSWORD

No. 7,051 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday October 11, marked Crossword 7,051 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday October 14.



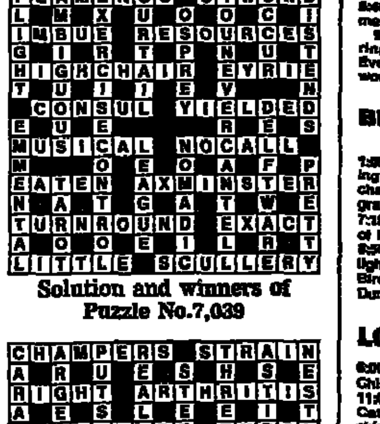
ACROSS

1 Eminent professor's job is to hold the baby (4,5)
6 Rubbishy banter (5)
9 Bait for a demon (5)
10 Leading flautist makes Scots county more important (4,5)
11 Ancillary measure for horse that's never won (10)
12 Moth with cat's face? (4)
14 Totalitarian to take in nothing without science (7)
15 Catch in vision of box, which one can believe (7)
17 Dolt disguised in headgear coloured blue? (4,3)
19 Characterised by happiness reduced during sleep (7)
20 Function of blunt instrument (4)
22 The utility of crying? (10)
25 Cosmetic look at opposite number in parliament (3,6)
26 Tease composer (5)
27 Order some consumer items (5)
28 Stuffing vehicle to dry me out (9)

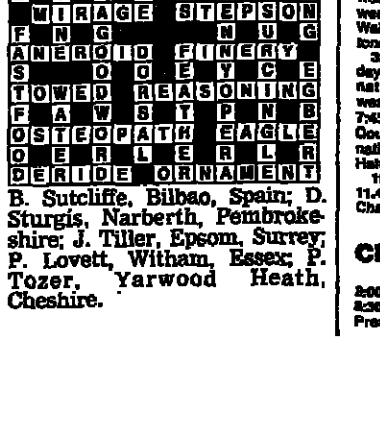
DOWN

1 Opening for the young to get lines crossed? (5)
2 Plant found under logs? (9)
3 Many old boys had a meal: slander (10)
4 Cause distress at cliff, possibly (7)
5 Think what glass can do (7)
6 Affected army base (4)
7 French part of European journey (5)
8 Same draft used by agricultural establishment (9)
13 Hell for criminals? (10)
14 Cosmetic with which to confront the elite? (4,5)
16 Rise of sub club maybe with conductor (3,6)
18 Archbishop in hell? Cheers! (7)
19 Busy creatures are increasing – there's the rub (7)
21 Bullock guide (5)
23 Girl's jest (5)
24 A little bit on Sunday or Monday (4)

Solution to Puzzle No.7,050



Solution and winners of Puzzle No.7,039



B. Sutcliffe, Bilbao, Spain; D. Sturgis, Narberth, Pembrokeshire; J. Tiller, Epsom, Surrey; P. Lovett, Witham, Essex; P. Tozer, Yarwood Heath, Cheshire.

TELEVISION & RADIO

SATURDAY

†indicates programme in black and white

BBC1

8.25 am New Adventures of Mighty Mouse. 8.40 Egg's 'n' Baker. 9.00 Going Live! 12.12 ...

BBC2

LONDON

... films from China. 10.45 "Hibiscus Town". 12.55-1.40 am Highlights of the third round of the Dunhill Cup.

CHANNEL 4

... Street" starring Lana Turner and Van Heflin. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 Five Women Painters. 7.00 The World This Week. 8.00 A Family at War. 9.00 Truffaut: "L'Homme Qui Aimait Les Femmes" (The Man Who Loved Women). 11.15 Look Back in Laughter. 12.15 am After Dark.

S4C WALES

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

12.30 pm Batman. 2.40 Rugby League – Warrington v Castleford.

HTV

SCOTTISH

TSW

TVS

ULSTER

YORKSHIRE

RADIO

(S) Stereo on FM

RADIO 2

RADIO 3

... Op 7) and Mozart (Sonata in B flat, K454). 6.00 Jazz Record Requests. 6.45 Critics' Forum. 6.35 Janacek and Brahms: Prazak String Quartet: Janacek (Quartet No 1, "The Kreutzer Sonata"), Brahms (Quartet No 3).

7.30 "Adriano in Siria", Austrian Radio recording of Johann Christian Bach's three-act opera ...

RADIO 4

SUNDAY

†indicates programme in black and white

BBC1

BBC2

S4C WALES

ANGLIA

LONDON

CHANNEL

GRAMPIAN

GRANADA

CHANNEL 4

The *Hitch on Four* season continues with Gregory Peck and Ingrid Bergman in *Spellbound*, C4, 9pm

HTV

SCOTTISH

TSW

TVS

ULSTER

YORKSHIRE

RADIO

(S) Stereo on FM

BBC RADIO 2

BBC RADIO 3

RADIO 4